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Application Proof of

Guangzhou Zhiyi Biotechnology Co., Ltd. 廣州知易生物科技股份有限公司

(the “Company”)

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

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Guangzhou Zhiyi Biotechnology Co., Ltd. 廣州知易生物科技股份有限公司

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

[REDACTED]

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

Joint Sponsors, [REDACTED]



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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company on the [REDACTED] or such later date as may be agreed by the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company but in any event no later than 12:00 noon on [REDACTED]. The [REDACTED] will be no more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED]. Applicants for [REDACTED] may be required to pay, on application (subject to application channels), the Maximum [REDACTED] of HK\$[REDACTED] per [REDACTED] together with brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] should be less than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company at or before 12:00 noon on [REDACTED], the [REDACTED] (including the [REDACTED]) will not proceed and will lapse.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] below as stated in this Document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement will be published on the websites of our Company at www.zypharm.com.cn and the Stock Exchange at www.hkexnews.hk and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For further information, please refer to the sections headed “Structure of the [REDACTED]” and “How to Apply for the [REDACTED]” in this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to [REDACTED] on the [REDACTED]. Further details of such circumstances are set out in “[REDACTED] — [REDACTED] — Grounds for Termination”.

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[REDACTED]

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

This Document is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] by this Document pursuant to the [REDACTED]. This Document may not be used for the purpose of marketing, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Document in any jurisdiction other than Hong Kong. The distribution of this Document and the [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Document to make your [REDACTED] decision. We have not authorized anyone to provide you with information that is different from what is contained in this Document. Any information or representation not made in this Document must not be relied on by you as having been authorized by us, the Joint Sponsors, [REDACTED], any of their respective directors or any other person or party involved in the [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 in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the risks involved in [REDACTED] in the [REDACTED] are set out in the “Risk Factors” section of this Document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. In particular, we are a biotechnology company seeking to [REDACTED] on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules as we do not meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with [REDACTED] in companies like ours. Your [REDACTED] decision should be made in light of these considerations.

OVERVIEW

Established in 2013, we are a clinical-stage biopharmaceutical company with a focus on the field of live biotherapeutic products (“LBPs”), across gastrointestinal diseases, oncology, cancer therapy-related complications, metabolic diseases, and autoimmune diseases. As of the Latest Practicable Date, we have (i) one Core Product, SK08, an LBP candidate for the treatment of irritable bowel syndrome with diarrhea (“IBS-D”), acute diarrhea in children caused by rotavirus (“**pediatric rotavirus diarrhea**”), ulcerative colitis (“UC”) and advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies; (ii) one key product, SK10, an inactivated LBP candidate for the prevention and treatment of chemotherapy-induced diarrhea (“CID”); and (iii) four other preclinical candidates in our pipeline.

THERE IS NO ASSURANCE THAT WE WILL ULTIMATELY BE ABLE TO DEVELOP AND MARKET OUR CORE PRODUCT OR ANY OF OUR PIPELINE PRODUCT SUCCESSFULLY.

We are a pioneer in the field of second-generation LBP in China, with our Core Product SK08 and key product SK10 having achieved multiple development milestones. Since our inception, our core research and development team has led or participated in six national and/or provincial major research projects. The SK08 project has been supported by key national, provincial and/or municipal research programs, including the National 863 Program (國家863計劃), the National Natural Science Foundation of China (國家自然科學基金), and the Guangdong Provincial Major Special Program for New Drug Innovation and Development (廣東省重大新藥創製專項). We have also been recognized as a Guangdong Provincial “Specialized, Refined, Distinctive and Innovative Small and Medium-sized Enterprise” (廣東省“專精特新中小企業”) and the Guangzhou Innovation Leadership Team (廣州市創新領軍團隊). In addition, the Guangdong Provincial Engineering Research Center for Live Biotherapeutic Products (廣東省活體生物藥工程技術研究中心), accredited by the Guangdong Provincial Department of Science and Technology, is an engineering research center dedicated to LBP, with us serving as the lead supporting entity. The Center focuses on the R&D and translation for LBP and supports the development, industrialization and standardization of China’s LBP sector. We are also participating in the *Akkermansia muciniphila* (“AKK”) industry standard-setting process led by the China National Research Institute of Food and Fermentation Industries (中國食品發酵工業研究院), reflecting our continued involvement in the development of industry standards for LBP and NGP.

Our products target both the global and China LBP markets with the continued demand. According to Frost & Sullivan, the global LBP market increased from USD3.0 billion in 2020 to USD4.7 billion in 2025, at a CAGR of 9.4%, and is expected to further grow to USD7.5 billion by 2030, at a CAGR of 9.8% during this period. The development of LBPs can be broadly divided into first-generation LBPs developed during the early exploratory stage before the establishment of a unified regulatory framework, and second-generation LBPs developed under a modern pharmaceutical development framework with defined indications, clinical evidence requirements and CMC controls, according to Frost & Sullivan. In addition, in recent years, the LBP industry has gradually evolved beyond live microorganisms towards broader therapeutic modalities, including inactivated microbial products, which may further expand the technological boundaries and clinical potential of LBPs.

As of the Latest Practicable Date, there are four approved second-generation LBP products and nine late-stage (Phase III and beyond) second-generation LBP candidates globally, according to Frost & Sullivan. In comparison, as of the Latest Practicable Date, (i) the 17 LBPs approved for marketing in China are first-generation products, all of which obtained marketing approval before 2010; and (ii) there are 16 clinical-stage second-generation LBP candidates in China, indicating that the LBP industry remains at a relatively early stage with significant room for further innovation and commercialization.

SUMMARY

OUR PIPELINE PRODUCTS

All of our pipeline candidates are biological products, as categorized by the Competent Authority, including (i) two clinical-stage products, namely (a) SK08, our Core Product, a LBP containing the novel *Bacteroides fragilis* strain ZY-312, for the treatment of IBS-D, pediatric rotavirus diarrhea, UC, and advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies; (b) SK10, our key product, an LBP containing inactivated *Bacteroides fragilis*, for the prevention and treatment of CID; and (ii) four preclinical candidates, namely (a) TP2, a bacterial component for the treatment of autoimmune diseases; (b) SK16, an LBP for the treatment of OM; (c) SK12, an LBP for the treatment of AD and psoriasis; and (d) ZY19, an LBP for the treatment of metabolic diseases.

The following chart illustrates our pipeline and summarizes the development status of our pipeline products as of the Latest Practicable Date:

New Drug Pipeline

Project	Feature	Indication	Regulatory Authority	Pre-clinical	IND	Phase I	Phase II	Phase III	Completed/Next Milestone	Commercial Rights
SK08 ★	LBP	Irritable bowel syndrome	NMPA						To complete Phase III Primary Efficacy Endpoint Assessment in Q4 2027	Global
		Acute diarrhea in children caused by rotavirus (pediatric rotavirus diarrhea)	NMPA						To enter Phase II in Q3 2027	Global
		Ulcerative colitis	NMPA						To enter Phase II in Q4 2027	Global
			FDA						IND approved in January 2025	Global
		Advanced solid tumors (in combination with anti-PD-1/L1 monoclonal antibodies)	NMPA						To enter Phase II in Q4 2028	Global
SK10 ☆	LBP	Chemotherapy-induced diarrhea	FDA						To enter Phase II in Q1 2028	Global
			NMPA						To enter Phase II in Q4 2026	Global
TP2	Bacterial components	Autoimmune diseases	N/A						To submit the IND in Q4 2028	Global
SK16	LBP	Oral mucositis	N/A						To submit the IND in Q4 2028	Global
SK12	LBP	Atopic dermatitis/Psoriasis	N/A						To submit the IND in Q4 2029	Global
ZY19	LBP	Metabolic Diseases	N/A						To submit the IND in Q4 2029	Global

★ Core Product ☆ Key product  Exempted from this phase of clinical trial  Received the Acceptance Notice for the IND application regarding direct initiation of a Phase II clinical trial

Notes:

- In January 2025, given the relevant safety and preliminary efficacy data of SK08 obtained from Phase I and Phase II clinical trials in China, the FDA approved SK08 to directly initiate a Phase II clinical trial in the U.S. for the UC indication without the need to conduct a separate Phase I clinical trial in the U.S.;
- In March 2022, we obtained IND approval from the NMPA for a Phase Ib/II clinical trial of SK08 in advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies. We plan to resubmit an IND application for a Phase II clinical trial of SK08 for this indication. Such direct progression to Phase II is expected to be considered by the NMPA with reference to its previous IND approval in relation to this indication and SK08’s accumulated clinical data in other indications, particularly safety and tolerability data, which are directly relevant to the primary objectives of Phase I clinical trials. Such clinical data are expected to be further supplemented by additional data from SK08’s ongoing and planned clinical trials before the resubmission. For further details, see “— Our Product Pipelines (Pharmaceutical Pipelines) — SK08, Our Core Product” — “Material Communications with Competent Authorities” in this section; and
- In June 2026, based on the safety and tolerability data obtained from the Phase I clinical trial of SK10 in the U.S., we submitted an IND application to the NMPA for a Phase II clinical trial of SK10 and then received the Acceptance Notice for this application.

SUMMARY

Core Product — SK08

Our Core Product, SK08, according to Frost & Sullivan, is the first LBP to obtain registrational clinical trial approvals from both the NMPA and the U.S. FDA, as well as the world’s first LBP to enter clinical development using *Bacteroides fragilis*. It is the only late-stage clinical biological drug candidate in the global IBS-D field, as of the Latest Practicable Date. If approved, SK08 may become the first marketed product in this indication. In particular, our preclinical and clinical data support the potential role of SK08 in reducing abdominal pain, the core symptom of irritable bowel syndrome (“IBS”), by alleviating visceral hypersensitivity. SK08 also exerts its effects by protecting the intestinal barrier, modulating local immune responses and enhancing the body’s ability to respond to viruses or tumors. These multi-mechanism actions underpin its therapeutic potential across IBS-D, pediatric rotavirus diarrhea, UC, and advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies.

Clinical and Regulatory Milestones of SK08

In China, we obtained the IND approval from the NMPA for the treatment of IBS and UC in November 2019. We then completed a Phase I clinical trial in healthy subjects from May 2020 to November 2020, and a Phase II clinical trial in IBS-D patients from August 2021 to September 2022. In August 2023, we received formal confirmation from the CDE that it had no objection to our initiation of the Phase III clinical trial for the IBS-D treatment. Subsequently, we initiated a Phase III clinical trial of SK08 in March 2024. Patient enrollment is expected to be completed in the third quarter of 2027, and the primary efficacy endpoint evaluation is expected to be completed in the fourth quarter of 2027. In September 2024, we obtained the IND approval from the NMPA for a Phase II clinical trial of SK08 in pediatric rotavirus diarrhea based on the accumulated data generated from our completed clinical trials and non-clinical evaluation of SK08, without requiring an additional Phase I clinical trial for this indication. We currently plan to initiate this Phase II clinical trial for the treatment of pediatric rotavirus diarrhea in the third quarter of 2027. In addition, we obtained the IND approval from the NMPA for SK08 in combination with PD-1/L1 inhibitors for the treatment of advanced solid tumors in March 2022. We currently plan to resubmit the relevant IND application and then commence the clinical trial in the fourth quarter of 2028.

In the U.S., in January 2025, based on FDA’s review of the accumulated data generated from our completed clinical trials and non-clinical evaluation of SK08, the FDA allowed SK08 to proceed directly to a Phase II clinical trial for the treatment of UC in the U.S., without requiring an additional Phase I clinical trial for this indication.

Addressable Markets and Competitive Landscape of SK08

IBS and IBS-D. According to Frost & Sullivan, the China IBS drug market reached RMB5.8 billion in 2025 and is expected to reach RMB7.3 billion in 2030. Within the IBS market, the China IBS-D drug market reached RMB4.0 billion in 2025 and is expected to reach RMB5.1 billion in 2030. As of the Latest Practicable Date, no drugs have been approved specifically for the treatment of IBS-D and there are seven active clinical-stage drug candidates for IBS in China, of which two have advanced to Phase III, both for IBS-D. Among them, SK08 is one of the two Phase III candidates and the only biologic therapy at this stage.

Pediatric Rotavirus Diarrhea. According to Frost & Sullivan, the China pediatric rotavirus diarrhea treatment market was RMB2.0 billion in 2025 and is expected to reach RMB2.4 billion by 2030. As of the Latest Practicable Date, there are (i) seven products approved for pediatric rotavirus diarrhea globally, all of which are prophylactic vaccines designed to prevent infection rather than therapeutic products; and (ii) eleven clinical-stage drug candidates for pediatric rotavirus diarrhea globally, of which nine are prophylactic vaccines, and SK08 is the only LBP therapeutic candidate currently under development.

SUMMARY

UC. According to Frost & Sullivan, the global UC treatment market was USD9.7 billion in 2025 and is expected to reach USD13.2 billion by 2030, while the China UC treatment market was RMB1.9 billion in 2025 and is expected to reach RMB2.4 billion by 2030. As of the Latest Practicable Date, among LBPs for UC treatment in the clinical stage globally, SK08 is the only pipeline in China currently under clinical development.

Advanced Solid Tumor in Combination with Anti-PD-1/L1 Monoclonal Antibodies. According to Frost & Sullivan, the Chinese anti-tumor drug market is anticipated to grow from RMB197.5 billion to RMB279.1 billion, with a CAGR of 7.2%. It is estimated to achieve RMB504.0 billion in 2030, with a CAGR of 12.5% from 2025 to 2030. As of the Latest Practicable Date, there were two clinical-stage LBP products in China being developed for use in combination with PD-1 therapies for the treatment of solid tumor and SK08 is one of them.

Key Product — SK10

Our key product, SK10, is an in-house-developed, orally administered, inactivated LBP based on a novel strain of *Bacteroides fragilis* for both prevention and treatment of CID. According to Frost & Sullivan, SK10 is the first LBP candidate based on *Bacteroides fragilis* approved by the FDA for clinical development and also the first LBP candidate globally filed for CID. In addition, as of the Latest Practicable Date, SK10 is the only clinical-stage LBP candidate globally being developed for the prevention of CID.

For SK10, the relevant jurisdictions of development include China and the U.S. In the U.S., we obtained the IND approval from the FDA for the Phase I clinical trial of SK10 in October 2022 and then conducted this Phase I clinical trial from August 2023 to February 2024. In China, based on the safety and tolerability data obtained from the Phase I clinical trial of SK10 in the U.S., we submitted an IND application for the Phase II clinical trial of SK10 and received the Acceptance Notice from the CDE in June 2026. Subject to regulatory approval, we plan to commence this Phase II clinical trial of SK10 in China in the fourth quarter of 2026.

Addressable Markets and Competitive Landscape of SK10

According to Frost & Sullivan, the global CID drug market increased from USD2.1 billion in 2020 to USD2.5 billion in 2025, and is expected to reach USD3.0 billion in 2030. The China CID drug market increased from USD0.4 billion in 2020 to USD0.5 billion in 2025, and is expected to reach USD0.6 billion in 2030. According to Frost & Sullivan, as of the Latest Practicable Date, there are no approved drugs specifically for the treatment or prevention of CID globally.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiate us from our competitors: (i) a pioneer in second-generation LBP in China; (ii) R&D platform with IP protection framework as core competitive barriers; and (iii) our Core and key products targeting diseases with traditional therapy limitations and market potential. The market potential is underpinned by the limitations of the existing therapies and our Core Product SK08 is well-positioned to redefine the future clinical guidelines and drive further market expansion. For more details, see “Business — Our Competitive Strengths.”

OUR STRATEGIES

We intend to capitalize on our competitive strengths by pursuing the following strategies: (i) advancing Core and key products from R&D to commercialization; (ii) strengthening early-stage and collaborative R&D to enrich our product pipeline; (iii) enhancing end-to-end operational capabilities from manufacturing to commercial launch; (iv) R&D-powered next-generation probiotics driving competitiveness and value; (v) strengthening R&D and management talent to sustain industry competitiveness; and (vi) pursuing strategic partnerships to expedite global business expansion. For more details, see “Business — Our Strategies.”

SUMMARY

RESEARCH AND DEVELOPMENT

We have continued to invest in our research and development (“**R&D**”) to support the development and commercialization of our Core Product and other product candidates. As a platform-based biopharmaceutical company, we have established ZhiYi Microbiome Innovation Research System (“**ZYMIRS**”), our proprietary microbiome innovation research system integrating strain discovery, functional validation, non-clinical evaluation, CMC development, manufacturing process development, and quality control capabilities. This system primarily supports the development of our own pipeline, while also enabling us to integrate industry resources within the industry through non-clinical CRO services and CDMO services, thereby developing an LBP ecosystem.

Our research and development expenses amounted to RMB67.6 million and RMB61.9 million in 2024 and 2025, respectively. Research and development expenses attributable to our Core Product and key product accounted for 76.8% and 79.8% of our total research and development expenses in 2024 and 2025, respectively. Our research and development cash operating costs accounted for 85.7% and 83.9% of our total cash operating costs in 2024 and 2025, respectively.

We have established an integrated in-house R&D team with expertise spanning early-stage discovery, preclinical research, medical affairs, CMC development and manufacturing operations. As of the Latest Practicable Date, under the strategic guidance of Dr. Zhi, our R&D team comprised 58 members, of whom 20 held master’s or above degrees. Our core R&D personnel (eight members) have an average of over 14 years of experience in the biopharmaceutical industry. Particularly, each of Dr. Wang, Dr. Liu Yangyang and Dr. Li Ping is a core member of the Guangzhou Innovation Leadership Team (廣州市創新領軍團隊).

[REDACTED]

SUMMARY

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

As of the Latest Practicable Date, our Company is owned by Zhuhai Yichangda as to 37.26%. Zhuhai Yichangda is controlled by its sole general partner, Dr. Zhi, our Chairman of the Board, who held 29.70% partnership interest in Zhuhai Yichangda, being the highest percentage of partnership interest therein, and served as its executive partner responsible for the day-to-day management of the partnership, including but not limited to the exercise of voting rights attached to the Shares held by Zhuhai Yichangda.

Immediately following the completion of the [REDACTED], Dr. Zhi through Zhuhai Yichangda will be entitled to control the exercise of approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is not exercised) or approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is exercised in full) of our Company and thus remain as our Controlling Shareholders.

Pre-[REDACTED] Investments

We completed several rounds of Pre-[REDACTED] Investments with our Pre-[REDACTED] Investors, including SDIC Shanghai Fund, SDIC Greater Bay Area Fund, Shenzhen Capital Group, JingDe (Guangzhou) and Yueke Qingyuan. For further details of the identity and background of the Pre-[REDACTED] Investors and the principal terms of the Pre-[REDACTED] Investments, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.” Our Sophisticated Investors which made meaningful investment to us include SDIC Shanghai Fund, SDIC Greater Bay Area Fund and Shenzhen Capital Group, which will hold approximately [REDACTED]% of our total issued share capital in aggregate upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).

CMC AND MANUFACTURING

As of the Latest Practicable Date, we had a total of 45 personnel engaged in pharmaceutical research and manufacturing, with leaders possessing over 10 years of experience. We have established an LBP pilot manufacturing base in Guangzhou, Guangdong Province, the PRC with a combined floor area of approximately 4,894.8 sq.m, which comprises two pilot plants primarily used for (i) production process development; (ii) the production of materials used in clinical trials for SK08 and other LBP drug candidates; (iii) providing CRO/CDMO services to third-party clients; and (iv) the production of NGP raw material AKK AM06™. We plan to commence technical renovation of the existing manufacturing facilities in 2027, which will reduce the original two bacteria powder production lines and two formulation production lines to one of each and expand the storage, outer-packaging, and other functional areas to match the needs of commercial-scale production and quality-system upgrades.

COMMERCIALIZATION

As of the Latest Practicable Date, none of our LBP candidates have been approved for commercial sale. We intend to adopt a CSO model for the initial commercialization of SK08 and SK10, with OTC pharmacy sales expected to be a key channel for our products at a later stage. We also intend to build in-house medical affairs capabilities and pursue strategic collaboration to support the commercialization of our LBP candidates in the PRC and potentially in international markets. For details, see “Business — Commercialization.”

SALES AND MARKETING

During the Track Record Period, the primary focus of our business remained to be the R&D of our Core Product. However, as of the Latest Practicable Date, none of our LBP candidates have been approved for commercial sale. Therefore, during the Track Record Period, our limited sales activities related to our two existing revenue-generating business lines: (i) our NGP raw material business, under which we sell AKK AM06™ by both distributorship model and direct sales; and (ii) our research and development service (including CRO/CDMO services) business, under which we provide contract development, manufacturing and research services to pharmaceutical companies, biotechnology companies and academic and research institutions in the PRC.

SUMMARY

Our marketing activities for AKK AM06™ are conducted by a dedicated team led by the General Manager of Guangzhou Puwei Junjian and supported by our sales personnel. Our business development function for research and development services (including CRO/CDMO services) is led by our deputy general manager. As of the Latest Practicable Date, we have not commenced marketing activities for our LBP drug candidates, all of which remain in clinical development. For details, see “Business — Sales and Marketing.”

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our suppliers primarily included: (i) CROs; (ii) providers of research materials and consumables (including raw materials and excipients); and (iii) providers of technical services. Purchases from our five largest suppliers amounted to RMB16.9 million and RMB16.0 million in 2024 and 2025, accounting for 42.7% and 41.5% of our total purchases for the same years, respectively. Purchases from our single largest supplier amounted to RMB6.8 million and RMB6.7 million in 2024 and 2025, accounting for 17.1% and 17.3% of our purchases for the same years, respectively. For details, see “Business — Our Suppliers and Raw Materials.”

During the Track Record Period, our revenue was generated from various customers across our research and development service business and our NGP raw material business. During the Track Record Period, revenue generated from our five largest customers amounted to RMB0.7 million and RMB2.1 million in 2024 and 2025, accounting for 94.9% and 88.0% of our total revenue for the same years, respectively. Revenue from our single largest customer amounted to RMB0.3 million and RMB0.6 million in 2024 and 2025, accounting for 45.8% and 25.4% of our revenue for the same years, respectively. We believe that we maintain strong and stable relationships with our major customers. For details, see “Business — Our Customers.”

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned 63 issued patents and 33 pending patent applications, including 28 patent applications in China, two patent applications in the U.S., and three patent applications in other jurisdictions, relating to certain of our drug candidates and product development technologies. Further, we had 157 registered trademarks in the PRC and we are also the registered owner of two domain names as of the Latest Practicable Date. As of the Latest Practicable Date, (i) for our Core Product SK08 and its related technologies, we had 14 material patents granted in the PRC, 11 material patent applications in the PRC, two material patent applications in the U.S., and three material patent applications in other jurisdictions; (ii) for our key product SK10 and its related technologies, we had nine material patents granted in the PRC, 14 material patent applications in the PRC, two material patent applications in the U.S., and three material patent applications in other jurisdictions. For details, see “Business — Intellectual Property.”

COMPETITION

We are the only company globally to advance a *Bacteroides fragilis*-based LBP product into clinical trials, as of the Latest Practicable Date. Moreover, according to Frost & Sullivan, our Core Product, SK08, is the first LBP to obtain registrational clinical trial approvals from both the NMPA and the U.S. FDA. As of the Latest Practicable Date, our Core Product is also the only biological drug candidate for IBS-D in late-stage clinical development globally. SK10, our key product, is the first inactivated LBP in the PRC to obtain IND approval from the U.S. FDA, according to Frost & Sullivan. For our NGP raw material business, we focus on next-generation strains such as AKK AM06™, targeting a market segment distinct from conventional probiotic raw material manufacturers. According to Frost & Sullivan, our AKK AM06™ is the first and one of only two breast milk-derived AKK strains on the market to have obtained recognition from the FDA.

While we believe our pipeline of clinical and preclinical stage proprietary assets, established R&D capability and experienced management team provide us with competitive advantages, we face potential competition from various sources and expect the competition will intensify in the future as additional players enter into these segments.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

This summary historical data of financial information set forth below have been derived from, and should be read in conjunction with our historical financial information, including the accompanying notes, set forth in the Accountants’ Report set out in Appendix I to this Document, as well as the information set forth in the section headed “Financial Information.” Our historical financial information was prepared in accordance with IFRS Accounting Standards.

SUMMARY

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

	For the Years Ended December 31,	
	2024	2025
	RMB'000	RMB'000
Revenue	721	2,407
Cost of revenue	(423)	(2,176)
Gross profit	298	231
Other net income	23,267	9,455
Selling and distribution expenses	(32)	(875)
General and administrative expenses	(19,307)	(15,838)
Research and development expenses	(67,570)	(61,941)
Credit loss on trade and other receivables	(145)	(5)
Loss from operations	(63,489)	(68,973)
Finance costs	(509)	(420)
Loss before taxation	(63,998)	(69,393)
Income tax expense	—	—
Loss and total comprehensive income for the year	(63,998)	(69,393)
Attributable to:		
Equity shareholders of the Company	<u>(63,998)</u>	<u>(69,393)</u>
Loss per share		
Basic and diluted (RMB)	<u>(2.33)</u>	<u>(2.47)</u>

We recorded loss for the year of RMB64.0 million and RMB69.4 million in 2024 and 2025, respectively. The increase in loss for the year of RMB5.4 million was primarily attributable to the decrease in other net income of RMB13.8 million (largely reflecting decrease in government grant), partially offset by a decrease in general and administrative expenses of RMB3.5 million and a decrease in research and development expenses of RMB5.6 million, reflecting our focus on the Core Product development, and reduction in staff costs due to structural optimization.

Our revenue increased by 233.8% from RMB0.7 million in 2024 to RMB2.4 million in 2025, primarily driven by an increase in revenue from the provision of research and development services from RMB0.4 million in 2024 to RMB1.9 million in 2025, which was largely attributable to our intensified market development efforts and the signing of new orders with additional customers, as well as an increase in revenue from the sales of NGP raw material products from RMB0.3 million to RMB0.5 million. Our gross profit margin decreased from 41.3% in 2024 to 9.6% in 2025, primarily due to a shift in our revenue mix towards research and development services, for which we strategically accepted smaller, lower-margin orders in the early stage of business development to attract new clients, resulting in a gross margin of 3.0% for such services in 2025.

Our other net income decreased from RMB23.3 million in 2024 to RMB9.5 million in 2025, primarily attributable to a reduction in government grants (including amortization of deferred income) recognized in profit or loss from RMB22.0 million to RMB8.2 million. Our research and development expenses decreased by 8.3% from RMB67.6 million to RMB61.9 million and our general and administrative expenses decreased by 18.0% from RMB19.3 million to RMB15.8 million, primarily attributable to a reduction in staff costs due to structural optimization, while our selling and distribution expenses increased from RMB0.03 million to RMB0.9 million, primarily reflecting our intensified market development efforts.

SUMMARY

Summary of Certain Key Items of Consolidated Statements of Financial Position

The following table sets forth certain key items of consolidated statements of financial position for the years indicated:

	As of December 31,	
	2024	2025
	RMB'000	RMB'000
Non-current assets	35,221	23,192
Current assets	122,034	83,167
Current liabilities	19,742	24,671
Non-current liabilities	9,771	7,024
Net current assets	102,292	58,496
Net assets	127,742	74,664

We had net current assets as of December 31, 2024 and December 31, 2025. Our net current assets decreased from RMB102.3 million as of December 31, 2024 to RMB58.5 million as of December 31, 2025, primarily reflecting (i) a decrease in cash and cash equivalents of RMB18.3 million as we continued to fund our R&D activities and general and administrative expenses; (ii) a decrease in prepayments and other receivables of RMB13.1 million primarily due to the receipt of a VAT refund of RMB12.3 million in 2025 and the utilization of prepayments for our SK08 Phase III clinical trial; and (iii) the maturity and full redemption of our structured deposits of RMB10.0 million; and (iv) an increase in trade and other payables of RMB4.8 million primarily due to an increase in payables for the SK08 Phase III clinical trial.

Summary of Consolidated Cash Flow Statements

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

	For the Years Ended December 31,	
	2024	2025
	RMB'000	RMB'000
Net cash used in operating activities	(45,013)	(22,676)
Net cash generated from investing activities	21,367	10,475
Net cash generated from/(used in) financing activities	77,642	(6,071)
Net increase/(decrease) in cash and cash equivalents	53,996	(18,272)
Cash and cash equivalents at the beginning of the year	38,357	92,353
Cash and cash equivalents at the end of the year	92,353	74,081

In 2025, net cash used in operating activities was RMB22.7 million, primarily attributable to our loss before taxation of RMB69.4 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of equity-settled share-based payment expenses, depreciation of property, plant and equipment and right-of-use assets, amortization of intangible assets; and (ii) changes in working capital, which primarily resulted from a decrease in prepayments and other receivables of RMB13.1 million (primarily reflecting the receipt of a VAT refund of RMB12.3 million in 2025), an increase in trade and other payables of RMB4.7 million (primarily reflecting an increase in payables for the SK08 Phase III clinical trial), and an increase in contract liabilities of RMB3.9 million (primarily reflecting advances from research and development services).

SUMMARY

In 2024, net cash used in operating activities was RMB45.0 million, primarily attributable to our loss before taxation of RMB64.0 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of equity-settled share-based payment expenses, depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets; and (ii) changes in working capital, which primarily resulted from an increase in prepayments and other receivables and an increase in input VAT receivable, partially offset by an increase in trade and other payables (primarily reflecting an increase in payables for the SK08 Phase III clinical trial).

Cash Operating Cost

The following table sets forth key information relating to our cash operating costs for the years indicated:

	For the Years Ended December 31,	
	2024	2025
	RMB'000	RMB'000
Research and development costs for Core Product		
Staff costs	7,361	5,188
Third-party contracting costs	19,887	20,868
Cost of materials and consumables	765	463
Utilities	1,452	893
Others	1,378	1,068
Subtotal	30,843	28,480
Research and development costs for other product candidates		
Staff costs	8,097	6,504
Third-party contracting costs	3,831	2,755
Cost of materials and consumables	834	1,137
Utilities	1,436	1,229
Others	517	357
Subtotal	14,715	11,982
Total research and development costs	45,558	40,462
Workforce employment costs⁽¹⁾	7,329	6,835
Direct production costs⁽²⁾	181	899
Non-income taxes, royalties and other governmental charges	64	20
Total	53,132	48,216

Notes:

- (1) Workforce employment cost represents total non-research and development personnel costs mainly including salaries and benefits.
- (2) We had not commenced commercial manufacturing of our LBPs as of the Latest Practicable Date.

SUMMARY

Working Capital Confirmation

Taking into account the estimated [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and bank balances and considering our cash burn rate, our Directors are of the view that we have sufficient working capital to cover at least 125% of our costs, including research and development expenses and general and administrative expenses and for at least the next 12 months from the date of this Document.

Our cash burn rate refers to our average monthly amount of net cash used in operating activities, capital expenditures, and other scheduled cash payments. Assuming an average cash burn rate going forward of 4.2 times the level in 2025, taking into account the scheduled payment of indebtedness, we estimate that our cash at bank and on hand, together with other investments as of April 30, 2026 will be able to maintain our financial viability for 9 months, or, if we also take into account the estimated [REDACTED] (based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]), 54 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development progress.

We currently have no immediate plan for future financing after the [REDACTED] considering our available cash, estimated [REDACTED] from the [REDACTED] and based on our cash burn rate. However, with the continuing expansion of our business and development of our products, we may require further funding through public or private equity [REDACTED], debt financing and other sources. We will comply with the applicable laws and regulations, including requirements under the Listing Rules, when we proceed with such financings.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	For the Years Ended December 31,	
	2024	2025
Quick ratio ⁽¹⁾	6.1	3.2
Current ratio ⁽²⁾	6.2	3.4

Notes:

- (1) Represents current assets less inventories and contract costs divided by current liabilities as of the same date.
- (2) Current ratio is calculated based on the current assets divided by current liabilities.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this Document. Some of the major risks we face include: (i) our business and financial prospects depend substantially on the success of our drug candidates, particularly our LBP candidates. If we are not able to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, including our Core Product, or if we experience delays or cost overruns in doing so, our business prospects and financial conditions could be adversely affected; (ii) we have limited experience in large-scale manufacturing and commercialization, and any failure to effectively operate our in-house pilot plant or scale up manufacturing for LBPs could adversely affect our business; (iii) we work with various third parties to develop our drug candidates. If these third parties do not successfully fulfill their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for or commercialize our drug candidates, and our business could be severely harmed; (iv) our inability to adequately protect our proprietary microbial strains and specialized manufacturing trade secrets could erode our competitive advantage; (v) we incurred substantial losses during the Track Record Period, which

SUMMARY

may continue into the foreseeable future and expose us to liquidity risk; (vi) we are a clinical-stage biopharmaceutical company with a limited operating history, which may make it difficult to evaluate our current business and predict our future performance; (vii) our entire pipeline mainly consists of LBPs, a novel and emerging therapeutic class, and only a very limited number of microbiome-based therapies have received marketing approval worldwide, while the regulatory framework for evaluating LBPs is still evolving, which subjects our clinical development and business path to heightened uncertainty; (viii) if clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in, or be unable to complete, the development and commercialization of our LBP candidates; (ix) we face competition from established and emerging players in the biopharmaceutical industry, which may develop more effective or convenient treatment options and limit the market penetration of our product candidates; (x) we experienced net cash outflow in operating activities during the Track Record Period and may require additional financing to fund our operations even after the [REDACTED], and any failure to obtain such financing on acceptable terms could adversely affect our business. See “Risk Factors” in this Document for details.

DIVIDEND

We did not declare or pay any dividend during the Track Record Period. We do not currently have a formal dividend policy or a pre-determined dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. [REDACTED] should not [REDACTED] our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in the PRC.

As advised by our PRC Legal Advisor, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits; and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this Document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

[REDACTED] EXPENSES

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] stated in this Document), the [REDACTED], [REDACTED], together with the Stock Exchange [REDACTED], SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]), of which RMB[REDACTED] are expected to be charged to our consolidated statements of profit or loss and other comprehensive income in 2026, and RMB[REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] expenses consist of RMB[REDACTED] [REDACTED]-related expenses and RMB[REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisors and the reporting accountant of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]), representing approximately [REDACTED]% of our [REDACTED] from the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

SUMMARY

FUTURE PLANS AND USE OF [REDACTED]

We intend to use the [REDACTED] from the [REDACTED] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the R&D and registration of our Core Product, SK08, including: (a) approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to fund the advancement of the ongoing Phase III clinical trial, registration, and commercialization of SK08 in the PRC for the treatment of patients with IBS-D, which is expected to be completed by the third quarter of 2029; (b) approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK08 in combination with anti-PD-1/L1 monoclonal antibodies in the PRC for the treatment of tumor patients, which is expected to commence in the fourth quarter of 2028; (c) approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK08 in the PRC for the treatment of UC, which is expected to commence in the fourth quarter of 2027; and (d) approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK08 in the PRC for the treatment of pediatric rotavirus diarrhea, which is expected to commence in the third quarter of 2027;
- (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the R&D of our key Product, SK10, including: (a) approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to fund the planned Phase II and Phase III clinical trials of SK10 in the PRC for the prevention and treatment of CID, which are expected to commence in the fourth quarter of 2026; and (b) approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK10 outside of the PRC for the prevention and treatment of CID, which is expected to commence in the first quarter of 2028;
- (iii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to fund the continuous development of our technology platforms, the advancement of our existing pipeline assets, and the exploration and development of new drug candidates; and
- (iv) approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

For details, see “Future Plans and Use of [REDACTED]” in this Document.

RECENT DEVELOPMENTS

Our recent developments of our drug candidates since the end of the Track Record Period and up to the Latest Practicable Date include:

For the Phase III clinical trial of our Core Product, SK08, the patient enrollment is progressing as planned. In June 2026, we received the Acceptance Notice from the CDE for our application regarding a Phase II clinical trial in China of our key product, SK10, for the prevention and treatment of CID.

We expect a significant increase in our net loss in 2026, primarily due to (i) an increase in our research and development expenses as we continue to advance the clinical development of our drug candidates, in particular the ongoing Phase III clinical trial of SK08; and (ii) an increase in general and administrative expenses, mainly attributable to the [REDACTED] expenses incurred in connection with the [REDACTED].

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in the Accountants’ Report set out in Appendix I, and there is no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Document.

“2017 Employee Incentive Scheme”	the pre-[REDACTED] employee incentive scheme adopted by our Company in May 2017
“2023 Employee Incentive Scheme”	the pre-[REDACTED] employee incentive scheme adopted by our Company in November 2023
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period from the Reporting Accountants, the text of which is set out in Appendix I to this Document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC” or “Accounting and Financial Reporting Council”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, which shall become effective on the [REDACTED], and as amended from time to time, a summary of which is set out in the section headed “Summary of Articles of Association” in Appendix III to this Document
“Board of Directors” or “Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[REDACTED]

“CDE”	Center for Drug Evaluation (藥品審評中心)
“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong, Macau SAR and Taiwan, China
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Guangzhou Zhiyi Biotechnology Co., Ltd. (廣州知易生物科技股份有限公司), a limited liability company established in the PRC on September 17, 2013, and converted into a joint stock company with limited liability on July 31, 2025
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“Competent Authority”	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
“Compliance Advisor”	SDIC Securities Corporate Finance (Hong Kong) Limited
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Dr. Zhi and Zhuhai Yichangda. See “Relationship with Our Controlling Shareholders”
“Core Product”	has the meaning ascribed to it under Chapter 18A of the Listing Rules, which is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide for New Listing Applicants; for the purpose of this Document, our Core Product refers to SK08
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation
“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. Wang”	Dr. Wang Ye (王曄), our executive Director and general manager of our Company
“Dr. Zhi”	Dr. Zhi Fachao (智發朝), chairman of the Board and a Controlling Shareholder
“EIT”	the PRC enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

DEFINITIONS

“FDA” the Food and Drug Administration of the U.S.

[REDACTED]

“Frost & Sullivan” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant, an Independent Third Party

“Frost & Sullivan Report” an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this Document

[REDACTED]

“Group”, “our Group”, “we”, or “us” the Company and its subsidiaries from time to time

“Guide for New Listing Applicants” the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Guangzhou Puwei Junjian” Guangzhou Proforcare Pharmaceuticals Inc* (廣州普維君健藥業有限公司), a limited liability company established under the laws of the PRC on September 26, 2016, and a wholly-owned subsidiary of our Company

“H Share(s)” overseas listed foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be [REDACTED] for and [REDACTED] in HK dollars and for which an [REDACTED] has been made for [REDACTED] and permission to [REDACTED] on the Stock Exchange

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“IFRS”	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board

“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

DEFINITIONS

[REDACTED]

“Joint Sponsors” the joint sponsors as named in the section headed “Directors and Parties Involved in the [REDACTED]” of this Document

“Latest Practicable Date” [June 13], 2026, being the latest practicable date for ascertaining certain information in this Document before its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

“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

[REDACTED]

DEFINITIONS

“NHC” the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)

“NMPA” the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA

[REDACTED]

“PBOC” People’s Bank of China (中國人民銀行), the central bank of the PRC

“PRC Legal Advisor” Grandall Law Firm (Guangzhou), our legal advisor as to PRC laws

“Pre-[REDACTED] Employee Incentive Schemes” the 2017 Employee Incentive Scheme and the 2023 Employee Incentive Scheme, details of which are set out in the section headed “Statutory and General Information — C. Pre-[REDACTED] Employee Incentive Schemes” in Appendix IV to this Document

“Pre-[REDACTED] Investments” the pre-[REDACTED] investments in our Company undertaken by the Pre-[REDACTED] Investors, details of which are set out in the section headed “History, Development and Corporate Structure — Pre-[REDACTED] Investments” in this Document

“Pre-[REDACTED] Investors” the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed “History, Development and Corporate Structure — Pre-[REDACTED] Investments” in this Document

DEFINITIONS

[REDACTED]

“Document”	this Document being issued in connection with the [REDACTED]
“Qingyuan Zhiyi”	Qingyuan Zhiyi Biotechnology Co., Ltd.* (清遠知易生物科技股份有限公司), a limited liability company established under the laws of the PRC on September 13, 2024, and a wholly-owned subsidiary of our Company
“Regulation S”	Regulation S under the U.S. Securities Act
“Reporting Accountants”	KPMG
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	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)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	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 share capital of our Company with a par value of RMB1.00 each
“Shareholder(s)”	holder(s) of our Share(s)
“Shijiazhuang Puwei”	Shijiazhuang Puwei Biotechnology Co., Ltd.* (石家莊普維生物科技股份有限公司), a limited liability company established under the laws of the PRC on July 27, 2020, and a wholly-owned subsidiary of our Company

[REDACTED]

“Sophisticated Investor(s)”	has the meaning ascribed to it under Chapter 2.3 of the Guide for New Listing Applicants

[REDACTED]

DEFINITIONS

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the financial years ended December 31, 2024 and 2025

[REDACTED]

“United States” or the “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are not listed on any stock exchange
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“Zhiyi Health Tech”	Guangzhou Zhiyi Health Technology Co., Ltd.* (廣州知易健康科技有限公司), a limited liability company established under the laws of the PRC on February 28, 2017, and a wholly-owned subsidiary of our Company
“Zhuhai Xinrui” or “Employee Incentive Platform”	Zhuhai Xinrui Biotechnology Center (Limited Partnership) (珠海昕睿生物科技中心(有限合夥)), a limited partnership established under the laws of the PRC on March 23, 2020, the employee incentive platform of Pre-[REDACTED] Employee Incentive Schemes
“Zhuhai Yichangda”	Zhuhai Yichangda Biotechnology Center (Limited Partnership) (珠海益暢達生物科技中心(有限合夥)), a limited partnership established under the laws of the PRC on March 30, 2017, which is controlled by Dr. Zhi, and a member of our Controlling Shareholders
“%”	per cent

DEFINITIONS

Unless otherwise specified or the context otherwise requires: (i) statements contained in this Document assume no exercise of the [REDACTED]; (ii) all times refer to Hong Kong time; (iii) references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and (iv) all data in this Document is as of the date of this Document.

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

In this Document, “” denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this Document in connection with us and our business. These may not correspond to standard industry definitions and may not be directly comparable to similarly titled terms adopted by other companies.

“5-HT”	serotonin, also known as 5-hydroxytryptamine, is a monoamine neurotransmitter
“Acceptance Notice”	an official notice issued by the CDE of NMPA confirming the acceptance of an IND application. The Acceptance Notice shall specify that if a clinical trial applicant does not receive any negative or questioning opinions from the CDE within 60 days from the date of acceptance of the application and payment of fees, the applicant may conduct the clinical trial in accordance with the trial protocol submitted to the CDE
“AD”	atopic dermatitis, a chronic, relapsing inflammatory skin disease characterized by immune dysregulation, skin barrier dysfunction, pruritus and eczematous lesions
“advanced solid tumors”	solid tumors that are locally advanced, metastatic or otherwise not amenable to curative local treatment
“AE”	adverse event, any untoward medical occurrence in a patient or clinical investigation subject administered a pharmaceutical product, which does not necessarily have a causal relationship with such treatment
“AKK”	<i>Akkermansia muciniphila</i> , a gut-associated bacterial species that has attracted research and product development interest for its potential role in maintaining gut barrier function, supporting metabolic balance and regulating immune homeostasis
“anti-PD-1/L1 monoclonal antibody”	a monoclonal antibody targeting the PD-1/PD-L1 immune checkpoint pathway, used in cancer immunotherapy to help restore anti-tumor immune responses
“apoptosis”	a form of programmed cell death in which cells are eliminated in a regulated manner without causing significant inflammation
“AR”	allergic rhinitis, an allergic inflammatory condition affecting the nasal passages
“B16F10”	a highly metastatic murine melanoma cell line
“ <i>Bacteroides fragilis</i> ”	an anaerobic, Gram-negative, rod-shaped bacterium that is part of the normal microbiota of the human colon
“BALB/c”	a commonly used laboratory mouse strain with a stable genetic background, frequently used in immunology, inflammation and allergy studies
“BAX”	BCL2-associated X protein, a pro-apoptotic protein that promotes programmed cell death

GLOSSARY OF TECHNICAL TERMS

“BCL2”	B-cell lymphoma 2, an anti-apoptotic protein that promotes cell survival by inhibiting programmed cell death
“ <i>Bifidobacterium</i> ”	A genus of gram-positive, anaerobic bacteria naturally present in the human gut and commonly used as a traditional probiotic ingredient
“biological product”	a pharmaceutical product manufactured from or using biological materials or biological processes, including products derived from microorganisms
“BMI”	body mass index, a measure of body weight relative to height
“Bristol Stool Form Scale”	a scale used to classify stool form and consistency, commonly used in gastrointestinal clinical studies
“C57BL/6”	a commonly used laboratory mouse strain with a stable genetic background, frequently used in preclinical disease models across immunology, oncology and metabolic research
“CD8+ T cell”	a type of cytotoxic T lymphocyte that can kill infected cells, including virus-infected cells, and cancer cells
“CDMO”	contract development and manufacturing organization, a company that provides drug development and manufacturing services to pharmaceutical companies on a contract basis
“CFU”	colony forming unit, a unit used to estimate the number of viable bacterial or fungal cells in a sample
“cGMP”	current Good Manufacturing Practice, the current Good Manufacturing Practice regulations and standards enforced by regulatory authorities to ensure that pharmaceutical products are consistently produced and controlled according to up-to-date quality standards appropriate to their intended use
“CID”	chemotherapy-induced diarrhea, diarrhea occurring as a complication of chemotherapy, which can affect treatment tolerance and patient outcomes
“CMC”	chemistry, manufacturing and controls, refers to the chemistry, manufacturing process and quality control information relating to a drug or biological product, including, among others, its composition, manufacturing process, specifications, analytical methods, stability, packaging and storage conditions, which is submitted to regulatory authorities to support the quality, safety and efficacy of such product
“CPT-11”	CPT-11 is irinotecan, one of the chemotherapy drugs most commonly associated with CID

GLOSSARY OF TECHNICAL TERMS

“CRO”	contract research organization, a third-party service provider that supports research and development activities, including clinical development activities such as project management, clinical monitoring, data management, statistical analysis, medical writing and pharmacovigilance
“CSO”	contract sales organization, a third-party company that provides sales and marketing services to pharmaceutical companies
“CSR”	clinical study report, a document describing the design, conduct, statistical analysis and results of a clinical trial
“CT26”	a mouse colon cancer cell line widely used in biomedical research
“CTCAE”	Common Terminology Criteria for Adverse Events, a standardized classification and severity grading system developed by the U.S. National Cancer Institute and widely used in clinical trials
“cytokine”	a signaling protein released by cells that helps regulate immune and inflammatory responses
“dendritic cells”	antigen-presenting immune cells that help initiate and regulate immune responses
“DNBS”	2, 4-dinitrobenzenesulfonic acid, a chemical used to induce experimental colitis in preclinical animal models
“double-blind”	a clinical trial design in which both subjects and investigators are generally unaware of the assigned treatment group
“DSS”	dextran sulfate sodium, a chemical used to induce experimental colitis in preclinical animal models
“ECG”	electrocardiogram, a test that records the electrical activity of the heart
“endpoint”	a pre-defined outcome measure used to evaluate the efficacy or safety of a treatment in a clinical trial
“FAS”	full analysis set, an analysis population used for efficacy analyses in a clinical trial, generally including all randomized or enrolled subjects who receive at least one dose of the investigational product and have evaluable efficacy data, as specified in the statistical analysis plan
“FITC”	fluorescein isothiocyanate, a widely used fluorescent label for tagging biomolecules, including for visualizing the distribution of test articles in preclinical studies
“Foxp3+ T cell”	a T cell expressing forkhead box P3, the master transcription factor and lineage-defining marker of regulatory T cells

GLOSSARY OF TECHNICAL TERMS

“FPI”	first patient in, the date on which the first subject is enrolled in a clinical trial
“GCP”	Good Clinical Practice, an ethical and scientific quality standard for designing, conducting, recording and reporting clinical trials involving human subjects
“GMP”	Good Manufacturing Practice, regulations and standards that provide systems to assure proper design, monitoring and control of manufacturing processes and facilities
“gut microbiota dysbiosis”	an imbalance in the composition or function of gut microorganisms
“H22”	a mouse ascites-type hepatocellular carcinoma cell line
“IBS”	irritable bowel syndrome, a common functional gastrointestinal disorder affecting the digestive system, which may cause abdominal pain, bloating and altered bowel habits including diarrhea or constipation
“IBS-D”	diarrhea-predominant IBS, a major subtype of IBS characterized by recurrent abdominal pain associated with predominantly loose or watery stools, urgency and other bowel-related symptoms
“IFN- β ”	interferon beta, an immune molecule involved in antiviral responses
“IFN- γ ”	interferon gamma, an immune molecule involved in antiviral and immune responses
“IL-10”	interleukin-10, an anti-inflammatory cytokine involved in regulating immune responses and maintaining immune homeostasis
“IL-11”	interleukin-11, a cytokine in the IL-6 family
“IL-1 β ”	interleukin-1 beta, a pro-inflammatory cytokine involved in inflammatory and immune responses
“IL-22”	interleukin-22, a cytokine involved in mucosal barrier function, tissue repair and intestinal epithelial regeneration
“IL-4”	Interleukin-4, a vital cytokine produced by the immune system that promotes T helper 2 immune responses
“IL-6”	interleukin-6, a cytokine involved in inflammatory, immune and metabolic responses
“IL-7”	interleukin-7, a cytokine involved in T-cell development, survival and immune homeostasis
“IL-8”	interleukin-8, a pro-inflammatory chemokine involved in neutrophil recruitment and inflammatory responses

GLOSSARY OF TECHNICAL TERMS

“ILC3”	group 3 innate lymphoid cells, immune cells involved in mucosal immunity and intestinal homeostasis
“immune checkpoint inhibitor”	a cancer immunotherapy that targets immune checkpoint pathways to help restore anti-tumor immune responses
“ <i>in vivo</i> ”	in a living organism, typically referring to studies or experiments conducted in animals or humans rather than in cells or test tubes
“IND”	investigational new drug, a regulatory application submitted to the relevant authority to permit a drug candidate to be studied in human clinical trials, subject to applicable regulatory requirements
“intestinal barrier”	the protective physical and functional barrier of the intestinal lining that helps regulate absorption and limit entry of harmful substances
“intestinal permeability”	the extent to which substances can pass through the intestinal lining
“ <i>Lactobacillus</i> ”	A genus of gram-positive, lactic acid—producing bacteria widely used as a traditional probiotic ingredient in food and supplement products
“LBP” (collectively, “LBPs”)	live biotherapeutic products, are typically live microbial preparations composed of living microorganisms. However, in recent years, the LBP industry has gradually evolved beyond live microorganisms toward broader therapeutic modalities, including inactivated microbial products
“LSLV”	last subject last visit, the date on which the last subject enrolled in a clinical trial completes the final protocol-specified visit or procedure, and is commonly used to refer to the operational completion of the clinical trial
“lyophilization”	freeze-drying, a dehydration process used to improve product stability by removing water under low temperature and vacuum conditions
“MA104 cells”	a cell line used in virology research, including assays involving rotavirus
“MAD”	multiple ascending dose, a Phase I clinical trial design where subjects receive multiple doses of a drug at ascending dose levels to assess safety and tolerability upon repeated dosing
“microbiome”	the community of microorganisms, including bacteria, fungi and viruses, and their genetic material in a particular environment
“MUC2”	mucin 2, a major component of the intestinal mucus layer, secreted primarily by goblet cells
“MyD88”	myeloid differentiation primary response 88, an adaptor protein involved in inflammatory signaling pathways

GLOSSARY OF TECHNICAL TERMS

“NDA”	new drug application, an application submitted to the relevant regulatory authority for approval to market a new drug
“NF-κB p65”	nuclear factor kappa B p65, a subunit of the NF-κB transcription factor complex involved in inflammatory signaling
“NGP”	next-generation probiotic, a probiotic strain typically identified through modern microbiome research, that has relatively well-characterized mechanisms of action and is developed for specific therapeutic or health indications, distinct from conventional probiotic strains
“NRDL”	National Reimbursement Drug List, a list of pharmaceutical products that are fully or partially reimbursed by the national health insurance fund in China
“OM”	oral mucositis, inflammation and ulceration of the oral mucosa that may occur as a common complication of chemotherapy or radiotherapy in cancer patients
“OTC”	over-the-counter, referring to a drug that may be sold directly to consumers without a prescription
“PCC”	preclinical candidate, a candidate product selected after early-stage discovery, screening and optimization for further preclinical development
“PCT”	Patent Cooperation Treaty, an international treaty administered by the World Intellectual Property Organization (WIPO) that allows an applicant to seek patent protection for an invention simultaneously in multiple member countries by filing a single international patent application, which then enters the national or regional phase in each designated jurisdiction
“PD-1”	programmed cell death protein 1, an inhibitory immune checkpoint receptor primarily expressed on T cells that helps regulate T cell activity when engaged by its ligands
“PD-L1”	programmed death-ligand 1, an immune checkpoint protein expressed on certain normal cells and at higher-than-normal levels on some types of cancer cells, which can bind to PD-1 on T cells and dampen T cell activity
“pediatric rotavirus diarrhea”	refers to acute diarrhea in children caused by rotavirus, according to Frost & Sullivan, “pediatric rotavirus diarrhea” and “rotavirus infection” are highly overlapping clinical concepts in disease settings
“placebo”	a substance with no active therapeutic effect used as a control in clinical trials
“PPS”	per protocol set, an analysis population used for sensitivity or supportive efficacy analyses in a clinical trial, generally including subjects who complete the trial without major protocol deviations that may affect the efficacy evaluation, as specified in the statistical analysis plan

GLOSSARY OF TECHNICAL TERMS

“Pre-IND”	pre-investigational new drug, a regulatory communication with the relevant authority before submission or resubmission of an IND application
“primary endpoint”	the main pre-defined outcome measure used to evaluate a clinical trial’s primary objective
“probiotic raw materials”	microbial strains or related ingredient forms supplied as upstream ingredients for further formulation or processing into finished products
“PSA”	polysaccharide A, a zwitterionic capsular polysaccharide produced by <i>Bacteroides fragilis</i> that has been shown to modulate host immune responses
“psoriasis”	a chronic, immune-mediated inflammatory skin disease characterized by erythematous, scaly plaques, most commonly affecting the knees, elbows, trunk and scalp
“QbD”	Quality by Design, a systematic approach to pharmaceutical development that begins with predefined objectives and emphasizes product and process understanding and process control
“R&D”	research and development, the systematic activities undertaken to discover new knowledge and develop new or improved products, processes or technologies
“Rome IV criteria”	diagnostic criteria used for functional gastrointestinal disorders, including IBS-D
“SAD”	single ascending dose, an early-phase clinical trial design where small, sequential cohorts receive single doses of a drug at ascending dose levels to assess safety and tolerability
“SAE”	serious adverse event, an adverse event that results in death, is life-threatening, requires hospitalization or prolongation of hospitalization, results in disability or incapacity, or otherwise meets applicable seriousness criteria
“SCFAs”	short-chain fatty acids, a group of microbial metabolites that may affect immune responses and tumor cell growth
“second-generation LBP”	an LBP developed under a modern pharmaceutical development framework with defined indications, clinical evidence requirements and CMC controls
“SERT”	serotonin transporter, a membrane transport protein that reuptakes 5-HT from the synaptic or extracellular space, helping regulate serotonergic signaling, including in the gut-brain axis
“SGS”	a third-party testing, inspection and certification organization
“SMO”	site management organization, a third-party service provider that provides site-level operational support for clinical trials

GLOSSARY OF TECHNICAL TERMS

“SOP”	standard operating procedure, a documented set of step-by-step instructions for routinely performing a specific operation or process
“SS”	safety set, an analysis population used for safety analyses in a clinical trial, generally including all subjects who receive at least one dose of the investigational product, as specified in the statistical analysis plan
“STAT3”	signal transducer and activator of transcription 3, a signaling protein involved in pathways that may promote intestinal mucosal regeneration and healing
“TEAE”	treatment-emergent adverse event, an adverse event that emerges or worsens after initiation of study treatment
“TGI”	tumor growth inhibition, a measure used in preclinical oncology studies to assess the extent to which a treatment inhibits tumor growth
“Th1”	T helper 1 cell, a T cell subset involved in cell-mediated immune responses
“tight junction”	a structure between neighboring epithelial cells that helps maintain barrier integrity
“TLR2”	toll-like receptor 2, a pattern-recognition receptor involved in innate immune recognition and inflammatory signaling
“TLR4”	toll-like receptor 4, a pattern-recognition receptor involved in innate immune recognition and inflammatory signaling
“TNF- α ”	tumor necrosis factor alpha, a pro-inflammatory cytokine involved in inflammatory responses
“Treg cells”	regulatory T cells, a subpopulation of T cells that help modulate immune responses and maintain immune tolerance
“TSLP”	thymic stromal lymphopoietin, an upstream epithelial-derived cytokine involved in initiating and amplifying inflammatory responses in AD
“tumor microenvironment”	the cells, molecules and surrounding structures within and around a tumor that may influence tumor growth and treatment response
“UC”	ulcerative colitis, one of the two main types of inflammatory bowel disease, a long-term condition characterized by inflammation and ulcers of the colon and rectum
“visceral hypersensitivity”	increased sensitivity of internal organs, such as the intestine, to stimulation or distension
“ZO-1”	zonula occludens-1, a tight junction protein involved in maintaining intestinal epithelial barrier integrity

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective,” “target,” “schedule,” “predict,” “aim,” “intend,” “consider,” “would,” “continue” and “outlook”) are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: (1) general political, market and economic conditions, including those related to the PRC; (2) any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business; (3) our planned projects and goals; (4) our ability to control or reduce costs; (5) our ability to control our risks; (6) our ability to maintain good relationships with business partners; (7) our business prospects and expansion plans; (8) our ability to successfully implement our business plans and strategies; (9) our financial condition and performance, debt levels and capital needs; (10) our dividend policy; (11) our capital expenditure plans; (12) various business opportunities that we may pursue; (13) the actions and developments of our competitors; (14) changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and (15) all other risks and uncertainties described in the section headed “Risk Factors” in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this Document and in particular the risks and uncertainties described below, before making an [REDACTED] in our H Shares. In particular, we are a company seeking to [REDACTED] on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our operations and the biopharmaceutical industry involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your [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 [REDACTED] 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 “Forward-looking Statements” in this Document. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

We believe our operations involve certain risks and uncertainties, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the development, clinical trials and regulatory approval of our drug candidates; (ii) risks relating to the manufacturing and commercialization of our drug candidates; (iii) risks relating to our reliance on third parties; (iv) risks relating to our intellectual property rights; (v) risks relating to our financial position and need for additional capital; (vi) risks relating to our business operations; (vii) risks relating to doing business in jurisdictions where we operate; and (viii) risks relating to the [REDACTED].

RISKS RELATING TO THE DEVELOPMENT, CLINICAL TRIALS AND REGULATORY APPROVAL OF OUR DRUG CANDIDATES

Our business and financial prospects depend substantially on the success of our drug candidates, particularly our LBP candidates. If we are not able to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, including our Core Product, or if we experience delays or cost overruns in doing so, our business prospects and financial conditions could be adversely affected.

Our revenue and profitability are substantially dependent on our ability to complete the development of our drug candidates, obtain requisite regulatory approvals and successfully commercialize our drug candidates. We have invested a significant portion of our efforts and capital in developing our existing drug candidates, particularly our LBP candidates. During the Track Record Period, our research and development expenses amounted to RMB67.6 million and RMB61.9 million in 2024 and 2025, respectively, substantially all of which were related to the development of our drug candidates. We expect to incur substantial and increasing expenditures to develop and commercialize our LBP candidates in the future.

As of the Latest Practicable Date, all of our drug candidates were in various phases of preclinical and clinical development. The success of our products depends on numerous factors, including but not limited to (i) the successful enrollment, conduct and completion of our clinical trials (including multi-jurisdictional trials and the performance of CROs and other third parties we engage); (ii) the generation of favorable safety and efficacy data and the maintenance of an acceptable safety profile following approval; (iii) the receipt of regulatory approvals from the NMPA, the FDA and other relevant authorities for clinical trials, drug registration, manufacturing and commercialization; (iv) the identification and development of additional drug candidates and the availability of adequate clinical trial supplies and commercial manufacturing capacity; (v) the obtaining, maintenance and enforcement of our intellectual property rights and successful defense against third-party infringement claims; and (vi) the successful commercial launch of our approved drug candidates in the face of competition from other products. If we fail to achieve one or more of the aforementioned factors in a timely manner or at all, we could experience significant delays or difficulties in obtaining approvals for and/or successfully commercializing our drug candidates.

RISK FACTORS

Our entire pipeline mainly consists of LBPs, a novel and emerging therapeutic class designed to treat diseases by modulating the human gut microbiome with rationally selected, live bacterial strains. [REDACTED] in our Company carries unique and heightened risks associated with this novel therapeutic class.

To date, only a very limited number of microbiome-based therapies have received marketing approval worldwide. Regulatory authorities, including the NMPA and the FDA, are still in the process of refining the regulatory framework for evaluating LBPs. In the PRC, the NMPA has not yet issued formal, detailed guidance or established a mature regulatory framework specifically for LBPs. Our current clinical development and business path are highly uncertain and subject to changes. Regulatory authorities may, at any stage, require additional non-clinical studies, change clinical trial endpoints, or impose new manufacturing standards that we did not anticipate. This could result in substantial delays, significantly increased development costs, and potentially the inability to obtain approval for our LBP candidates.

In addition, the safety and efficacy profile of our LBP candidates may be significantly influenced by patient-specific variables beyond our control, including individual differences in baseline gut microbiota, diet, concomitant medications, and host genetics, as well as mechanistic uncertainties given that the precise mechanism of action of many LBPs is not fully understood. Variations in these factors could lead to inconsistent clinical results, failure to demonstrate statistical significance, or the emergence of unexpected AEs, any of which could halt or invalidate a clinical program.

Furthermore, producing consistent, potent, and viable live bacterial drugs at scale is a major technical hurdle. Our LBP candidates are highly susceptible to changes in oxygen exposure, temperature, pH, and other process parameters during cultivation, purification, and formulation. Any deviation can cause: (i) the loss of viability: bacteria may die, rendering the product ineffective; (ii) phenotypic drift: the functional characteristics of the bacterial strain may change; and (iii) contamination: the growth medium supports contaminants, risking patient safety. Biological materials are inherently variable. Although we have established our own in-house pilot plant, we may lack extensive experience with large-scale LBP production. Any failure to maintain continuous compliance with the GMP requirements imposed by the NMPA and the cGMP regulations enforced by the FDA could lead to batch failures, clinical trial delays, and ultimately, rejection of marketing applications.

The LBP field is characterized by regulatory ambiguity, scientific novelty, and formidable manufacturing challenges. There is no guarantee that our scientific approach will be validated, that regulators will accept our development strategy, or that we can overcome the technical barriers to produce a viable drug. If we fail in any of the aforementioned areas, our ability to commercialize our LBP candidates would be impaired, and our business and results of operations would be significantly harmed.

If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our LBP candidates.

Clinical development is a lengthy, complex, and inherently uncertain process. Before obtaining regulatory approval to sell our drug candidates, we must conduct extensive clinical trials to demonstrate their safety and efficacy in humans. Each phase of clinical development presents distinct risks. Phase I trials may reveal unacceptable safety profiles. Phase II trials may fail to demonstrate sufficient proof-of-concept to warrant progression to later-stage studies. Phase III trials, which involve large patient populations and significant financial investment, may fail to achieve their primary or secondary efficacy endpoints despite promising earlier data. Given the novel nature of our LBP platform, these risks are amplified, as there is limited historical precedent to guide our clinical development strategies.

If any of our drug candidates fail in clinical development, the consequences would be severe and immediate. We would likely need to abandon further investment in the failed candidate, resulting in the loss of all associated development costs, including years of research and substantial financial resources. Moreover, failure of a lead candidate, particularly our Core Product or key product, could significantly delay our overall development timeline as we pivot resources to backup candidates or initiate new clinical

RISK FACTORS

programs. Furthermore, regulators may not agree with our interpretation of trial data, exercising broad discretion over statistical and clinical significance. They may request more analysis, additional trials, or impose conditions altering labeling or indications, and could reject our data entirely, preventing approval and forcing further costly studies.

Results of early clinical trials may not be predictive of future trial results.

The results of pre-clinical studies and early clinical trials and non-head-to-head analysis may not be predictive of the success of later phase clinical trials, and favorable initial or interim results of a clinical trial do not necessarily predict successful results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives.

In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including, but not limited to, changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including ethnical and genetic differences, patient adherence to the dosing regimen and other trial protocol elements, the rate of dropout among clinical trial participants, and other compounding factors, such as other medications or pre-existing medical conditions.

In particular, our Core Product, SK08, is currently in Phase III clinical trials in the PRC for IBS, and has completed earlier-phase trials for several other indications; and our key product, SK10, has completed its Phase I clinical trial for CID in the U.S. with a favorable safety profile, and we have obtained the Acceptance Notice from the CDE for the IND application for direct entry into the Phase II clinical trial for the same indication in the PRC. While we believe the clinical data from these earlier-stage trials support the continued development of our LBP candidates, there can be no assurance that our ongoing or planned later-stage clinical trials, including the Phase III trial for SK08 in IBS, will replicate or build upon these earlier results. Differences in patients’ baseline microbiome composition across trial sites and populations may introduce additional variability that is not typically encountered in conventional drug development. Any of these changes could make the results of our planned clinical trials or other future clinical trials we may initiate less predictable and could cause our drug candidates to perform differently, which could delay completion of clinical trials, delay approval of our drug candidates and/or jeopardize our ability to commence commercialization of our drug candidates. Furthermore, there can be no assurance that non-head-to-head analysis (e.g., comparisons with competing drugs based on their publicly available study and trial data) will be predictive of future clinical results.

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

The timely completion of our clinical trials depends on our ability to enroll and retain a sufficient number of patients who meet our eligibility criteria. Given the niche nature of our LBP candidates, including SK08 and SK10, the target patient population is inherently specific. We prioritize the integrity and scientific robustness of our clinical data by implementing rigorous eligibility criteria to ensure that our clinical trials are highly targeted. While these stringent standards help us identify the populations most likely to benefit from our LBP therapies, they may also constrain the size of the eligible patient pool and influence the pace of enrollment.

Furthermore, we operate in a competitive landscape where other biopharmaceutical companies are simultaneously conducting trials for gastrointestinal, oncological and immunological therapies. Patients may be drawn to competing trials that offer alternative treatment modalities, thereby potentially hindering our recruitment efforts. Regulatory authorities may also, at their discretion, mandate stricter eligibility protocols, further increasing the complexity of our enrollment strategies. Any delay in meeting our enrollment targets not only extends the clinical trial timeline but also increases our cash burn and limits our ability to generate the robust, multi-center data required for Biologics License Application (BLA)/NDA filings. If we fail to recruit or retain sufficient participants, or if delays in subject enrollment increase costs or adversely affect the timing or outcome of our planned clinical trials, our clinical programs could be stalled or terminated, which would have a material adverse effect on our business, financial condition, and results of operations.

RISK FACTORS

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

Our drug candidates, including those in the R&D or pre-commercialization registration stages, may potentially cause unintended AEs, either directly or due to factors beyond our control. These factors could include complications not identified during clinical trials, rare but severe side effects, defects that our quality control system fails to detect, or improper use of our drugs.

AEs observed during clinical trials can have immediate and severe consequences for our development programs. If trial participants experience serious AEs that are potentially attributable to our drug candidates, regulatory authorities may impose clinical holds, requiring us to suspend dosing while investigations are conducted. Such holds can last for months or even years, delaying our development timelines and increasing costs. Even if AEs are not serious, a high frequency of milder AEs, such as gastrointestinal discomfort or immune reactions, could undermine the tolerability of our products and complicate patient recruitment and retention. Moreover, post-marketing surveillance may reveal safety issues that were not detected in pre-approval clinical trials due to the limited size and duration of those studies. If new safety concerns emerge, regulatory authorities may require label changes with stronger warnings, restrict distribution, or in extreme cases, order product withdrawal from the market.

Moreover, regulatory bodies in various jurisdictions may scrutinize our drugs if other drugs containing similar components or technologies are associated with severe AEs. In such cases, we could face a range of serious consequences, including reduced demand, product recalls, revocation of approvals, reputational damage, removal from insurance coverage, as well as legal or regulatory liabilities. These potential outcomes could materially and negatively impact our sales, profitability, and overall business outlook. Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, and could significantly harm our business, results of operations and prospects.

Development of LBP candidates in combination with other therapies could expose us to additional risks.

Our lead LBP candidate, SK08, has received IND approval from the NMPA for development as a combination therapy with anti-PD-1/L1 monoclonal antibodies for the treatment of advanced solid tumors. While our preclinical data suggest that SK08 can modulate the gut microbiome to potentially enhance the antitumor efficacy of immune checkpoint inhibitors, this combination strategy entails significant clinical and regulatory uncertainties. The antitumor synergistic effect of SK08 in combination with anti-PD-1/L1 therapy is a novel therapeutic concept, and there is no guarantee that the preclinical observation of enhanced tumor response rates will be replicated in human clinical trials.

This combination approach modulates the host’s immune system through live bacterial strains, which is designed to be synergistic with the immune-release mechanism of PD-1/L1 inhibitors. However, this could theoretically lead to an overactivation of the immune system. In clinical trials, we may observe novel or exacerbated immune-related AEs, such as severe colitis or systemic inflammation, which are already common in ICI therapies. Any occurrence of unexpected or severe toxicities, regardless of whether they are directly caused by SK08, could result in clinical holds, mandated dose adjustments, or termination of our combination trials by regulatory authorities, which would result in a material adverse effect on our development plan.

Given that SK08 lacks established regulatory benchmarks for this combination approach, the NMPA may impose stringent, non-standard requirements for safety monitoring, CMC validation, and clinical endpoints. Should the NMPA adopt a more conservative stance on the safety profile of LBP-ICI combinations, we may face prolonged review timelines, the necessity for expanded safety trials, or stricter restrictions on the patient populations eligible for these combination studies, all of which could materially impair our development schedule and commercial prospects.

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Competition from a relatively limited number of established and emerging players in the biopharmaceutical industry may lead to the development of more effective or convenient treatment options, which could limit the market penetration of our product candidates and reduce our overall commercial opportunity.

The biopharmaceutical landscape for microbiome-based therapeutics is rapidly evolving. We operate in a competitive environment characterized by a relatively limited number of players, where both established biopharmaceutical companies and emerging biotechnology firms are developing alternative modalities for gastrointestinal diseases (including IBS, UC, and CID) as well as oncology indications. Our competitive position depends heavily on our ability to maintain the clinical superiority and industrial-scale consistency of our functional strain-based platform, particularly for our lead LBP candidates SK08 and SK10. As one of the earlier entrants in the PRC developing LBPs under the modernized regulatory framework, we have limited visibility into competitors’ development timelines and technical approaches, which may make it more difficult to anticipate and respond to competitive threats.

Competitors may succeed in developing therapies that reach the market before ours, or they may achieve better efficacy or safety profiles through different bacterial strain compositions or proprietary formulation technologies. Furthermore, advancements in synthetic biology and precision medicine could enable competitors to engineer personalized microbiome therapeutics, potentially rendering our platform or specific strain candidates less competitive.

If our competitors develop and commercialize products that offer superior convenience, cost-effectiveness, or clinical outcomes, or if they successfully establish a broader clinical footprint for their microbiome assets, our ability to capture market share and achieve commercial success would be materially and adversely affected.

The regulatory approval processes for biopharmaceutical products are time-consuming and depend on numerous factors, and if we are ultimately unable to obtain regulatory approval for our drug candidates, our business could be substantially harmed.

Biopharmaceutical regulatory approval depends on numerous factors, some of which are beyond our control. Approvals typically take many years and requirements may change during development or vary by jurisdiction. As of the Latest Practicable Date, we have not received any NDA/BLA approval from the NMPA or the FDA and cannot guarantee future approvals for existing or pipeline candidates. Failure to obtain approval may result from many factors, including: (i) disagreement with trial design or implementation; (ii) failure to demonstrate safety, efficacy, or potency; (iii) insufficient statistical significance; (iv) failure to pass GCP inspections; (v) disagreement with data interpretation; (vi) insufficient data to support NDA/BLA filing; (vii) manufacturing sites failing GMP/cGMP inspections; (viii) clinical sites failing NMPA/FDA audits; (ix) regulatory changes rendering data insufficient; or (x) inability to keep pace with scientific or technological requirements. The NMPA and/or the FDA may request additional data, delaying or preventing approval. Even if approved, authorities may grant narrower indications, impose costly post-marketing trials, or approve indications that hinder commercialization. Any such outcome could materially harm our LBP candidates’ commercial prospects.

In addition, if we conduct clinical trials for our drug candidates in one jurisdiction, the regulatory authorities in other jurisdictions may not accept data from such trials in support of our regulatory filings. For example, clinical trial data generated in the PRC under NMPA oversight may not be accepted or may require supplemental studies by the FDA for our U.S. regulatory submissions, and vice versa. Any inability to leverage our clinical data across jurisdictions could require us to conduct additional or duplicative trials, significantly increasing our development costs and timelines.

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Data and information derived from or used in our clinical trials and broader R&D process may be inaccurate, incomplete, or subject to change, which could materially harm our business, prospects, financial condition, and results of operations.

From time to time, we may publish preliminary, interim or top-line data from our clinical trials. Interim data from clinical trials we may complete are subject to the risk that one or more clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or top-line data also remain subject to audit and verification procedures, which may result in the final data materially differing from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Differences between preliminary or interim data and final data could significantly affect our business prospects and may cause the [REDACTED] of our H Shares to fluctuate significantly. More broadly, we collect and analyze data from our preclinical studies and clinical trials and gather extensive information after identifying promising drug candidates. Healthcare data is often fragmented, inconsistent, and incomplete, making its quality questionable. We regularly check if any data issues and errors during monitoring and auditing. Mistakes in data capture, input, or analysis could materially harm our development efforts, business, prospects, and reputation. If authorities conclude our data handling was wrongful or erroneous, we could face liability; although we maintain clinical trial insurance, coverage may prove inadequate. We also rely on CROs or other third parties for certain data, and if they fail to ensure data accuracy or completeness, trial data may be compromised while we remain fully responsible for regulatory compliance. For details, see “— Risks Relating to our Reliance on Third Parties.”

We may not be able to identify, discover or develop new drug candidates, or to identify additional therapeutic opportunities for our drug candidates, to expand or maintain our product pipeline.

Our success depends on identifying, developing, and commercializing drug candidates, but we cannot guarantee that we will be successful in identifying potential new drug candidates. Research programs require substantial technical, financial, and human resources, and may initially show promise yet fail due to various factors, including: (i) ineffective research methodology; (ii) lack of transferability from laboratory or animal results to human safety and efficacy; (iii) adverse effects revealed in further studies; (iv) resource constraints limiting portfolio expansion; or (v) inability to develop appropriate dosage forms. As a result, we may not identify new candidates or therapeutic opportunities through internal research, which could materially harm our business prospects.

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

As we have limited financial and managerial resources, we mainly focus our product pipeline on research programs and LBP candidates that we identify for selected indications. As a result, we may forgo or delay pursuit of opportunities with other IBP or drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Our investments in current and future R&D programs and LBP candidates for selected indications may not yield commercially viable products. Furthermore, if we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through licensing, collaboration or royalty arrangements in cases where it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

We invested substantial human and capital resources in R&D to develop our LBP candidates, but we cannot guarantee that such efforts will lead to successful outcomes.

The global biopharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. For example, we have made significant efforts to develop our Core Product and key product, namely SK08 and SK10, as well as other products, thus allow us to continuously develop a strong pipeline of drug candidates. In 2024 and 2025,

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our research and development expenses amounted to RMB67.6 million and RMB61.9 million, respectively. For details, see “Business — Research and Development.” We intend to continue to strengthen our technical capabilities and develop our existing and future pipeline candidates, which requires substantial capital and time investment. We cannot assure you that we will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, or obtain sufficient or any patent or other intellectual property protection for such new or enhanced products in a timely and cost-effective manner. Any failure to do so may render our previous efforts obsolete, significantly reducing the competitiveness of our technology platforms and drug candidates, and harming our business and prospects.

Our inability to adapt to rapid technological shifts in microbiome therapeutics and evolving clinical preferences for LBPs could hinder our market penetration and adversely affect our business prospects.

The global microbiome therapeutic landscape is characterized by rapid scientific advancements and the continuous emergence of novel treatment modalities, such as synthetic consortia and engineered bacterial strains. Our future success depends on our ability to advance our functional strain-based platform and launch SK08, SK10, and other pipeline assets that meet evolving clinical demands in gastroenterology, oncology and immunology. However, we cannot assure you that we will be able to respond to these emerging trends by optimizing our product portfolio or strain-screening technologies in a timely manner. Any failure to keep pace with the rapid evolution of microbiome science could render our current candidates less competitive or technologically obsolete.

Furthermore, clinical demand and purchasing patterns for LBPs may change significantly as the medical community’s understanding of the gut-organ axis deepens. Our success relies on our ability to anticipate the lead times for these novel therapies, identify the specific preferences of physicians and patients regarding oral microbial administration, and adapt our clinical development plans accordingly. We may need to frequently adjust our R&D focus and production scale based on shifting therapeutic protocols and market conditions. There can be no assurance that we will promptly respond to these changes in clinical demand, and any failure to do so could have a material and adverse effect on our business, financial condition, and results of operations.

RISKS RELATING TO MANUFACTURING AND COMMERCIALIZATION OF OUR DRUG CANDIDATES

We have limited experience in large-scale manufacturing and commercialization, and any failure to effectively operate our in-house pilot plant or scale up manufacturing for LBPs could adversely affect our business.

As of the Latest Practicable Date, all of our drug candidates, including SK08, SK10 and other LBP candidates, were in the clinical or R&D stage; however, we have launched research and development services (including CRO/CDMO services) and NGP raw materials that generate sales revenue. A substantial part of our revenue in 2024 and 2025, has been derived from the provision of research and development services and the sales of NGP raw materials. However, we cannot guarantee that demand for our research and development services and NGP raw materials will continue to grow as anticipated. Additionally, our provision of research and development services and NGP raw materials will not be our core business and cannot support our operation.

To maintain control over the complex manufacturing processes unique to LBPs, we have established our own in-house pilot plant for process development and clinical sample production, which enhances our oversight of strain stability and formulation consistency. As we scale up toward commercial volumes, we may need to further expand our in-house manufacturing capabilities. The manufacturing of LBPs is highly exacting, involving specialized anaerobic fermentation, bacterial cell harvesting, vacuum lyophilization, and formulation filling, with stringent controls to ensure viable cell count stability in the final product. We have limited experience in scaling these processes from pilot to commercial volumes. Any operational failure at our in-house facility, or any non-compliance with GMP/cGMP requirements, could delay clinical trials or the eventual launch of our candidates.

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In addition, we are required to obtain and maintain regulatory approvals for our own manufacturing facilities. Failure to obtain or maintain such approvals, or any disruption or suspension of our manufacturing activities due to equipment failures, regulatory non-compliance, or other unforeseen events, could materially and adversely affect our business and results of operations. In addition, the commercialization of LBPs requires specialized cold-chain logistics and physician education regarding microbiome-based therapies, areas where we have limited historical experience. Any failure to establish these commercialization capabilities in a timely manner could delay market uptake of our approved products and materially and adversely affect our business, financial condition, and results of operations.

Even if our pipeline drugs receive regulatory approval, we may not gain widespread market acceptance or maintain a strong reputation for our drugs and future offerings.

Our drug candidates, particularly our LBP candidates, once approved, may fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. Potential patients and their physicians may be inclined to use conventional standard-of-care treatments rather than trying out a novel approach. Further, given the novelty of our LBP candidates, patients and medical personnel may need substantial education and trainings. In addition, physicians, patients and third-party payers may prefer other products over ours. If our LBP candidates do not achieve an adequate level of acceptance, the commercialization of such LBP candidates may become less successful or profitable than we expected.

Market acceptance of our drugs will depend on numerous factors, including but not limited to (i) the approved indications, labeling and safety profile (including the prevalence and severity of AEs); (ii) the perceived safety, efficacy and comparative advantages of our drugs relative to competing therapies and the timing of our market entry; (iii) the pricing, insurance coverage and reimbursement (including patients’ willingness to bear any out-of-pocket costs); and (iv) the effectiveness of our sales, marketing and training efforts. If our drugs fail to achieve sufficient market acceptance or if we are unable to maintain strong relationships with all our key stakeholders, we may not generate significant revenue and could fail to achieve profitability. Even after initial adoption, our market position could be affected over time if newer drugs or technologies are introduced that are perceived as more effective, cost-efficient, or superior.

If we are unable to meet the increasing demand for our drug candidates and future products by ensuring that we have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business and financial condition would be materially and adversely affected.

As we advance our drug candidates through clinical development and towards potential commercialization, in order to produce our drug candidates in the quantities meeting anticipated market demand, if approved, we will need to substantially increase, or scale up, the production process. Precisely anticipating market demand for novel drug products is inherently difficult. As a new therapeutic class, there is limited historical data to guide forecasting. Physician adoption rates, patient acceptance, reimbursement coverage, and competitive dynamics are all uncertain. If we underestimate the demand, we may fail to secure adequate manufacturing capacity, resulting in product shortages and lost revenue opportunities. If we overestimate demand, we may incur carrying costs for excess inventory and unused manufacturing capacity, eroding our profitability.

Also, capacity expansion involves uncertainties, requires substantial upfront capital, and there is no assurance of timely financing. Moreover, we may not be able to utilize new capacity immediately, and during construction and ramp-up, shifts in market demand, pricing, or customer preferences could lead to inefficiencies or excess capacity. Facility development may also encounter: (i) unforeseen delays due to construction or land use rights, resulting in lost opportunities; (ii) cost overruns, diverting resources from other projects; and (iii) difficulty in hiring sufficient trained staff.

The success of our expansion also depends on advancing candidates through development, approval, and commercialization. Any delay, suspension, or termination would impair our ability to generate returns on manufacturing investments, materially affecting our business, financial condition, and prospects.

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Any failure to perform proper quality control, quality assurance and vendor oversight would have a material adverse effect on our business and financial results.

In the industry that we operate in, robust quality control and quality assurance systems are essential to ensure product safety, efficacy, and consistency. For our LBP candidates, quality requirements are particularly stringent because live bacterial products present unique risks related to strain identity, purity, potency, and stability. Regulatory authorities require comprehensive quality documentation for every stage of development, from strain characterization through final product release. Any deficiencies in our quality systems could compromise product integrity, endanger patient safety, and result in regulatory sanctions.

If our quality control procedures fail to detect deviations in manufacturing processes, contamination events, or instability in our drug candidates, the consequences could be severe. Clinical trial supplies with undetected quality issues could produce unreliable efficacy data or cause AEs in patients, potentially halting development programs. For approved products, quality failures could lead to product recalls, patient harm, and significant liability exposure. Even if quality issues are detected internally, they may require rejecting production batches, leading to supply shortages and financial losses. The costs of remediating quality failures, including investigations, corrective actions, and potential regulatory penalties, can be substantial.

Quality assurance serves as the independent oversight function, ensuring our operations comply with regulatory requirements and internal standards. We have formulated a set of comprehensive quality control and assurance procedures according to the GMP/cGMP quality management standard, to monitor our operations process, including procurement, manufacturing and inventory management. For more details, see “Business — Quality Control and Assurance.”

Furthermore, we rely on numerous third-party vendors, including CRO, clinical investigators and raw material suppliers. If a vendor fails to maintain adequate quality systems, their deficiencies could compromise our products or data. Deficiencies in raw materials, whether sourced or produced internally, also pose risks. Failure to detect or intercept defective products before they reach patients could result in injuries, recalls, and the suspension or revocation of our licenses. Such incidents may trigger significant liability claims and regulatory fines, materially damaging our reputation and financial performance.

If we cannot maintain or develop clinical collaborations and relationships with our key opinion leaders, physicians and experts, our results of operations and prospects could be adversely affected.

Our success depends significantly on maintaining strong collaborations with leading hospitals and key opinion leaders within the relevant therapeutic areas. Given the influence of these experts on prescribing behavior and clinical practice, any deterioration in these relationships or failure to cultivate new partnerships could hinder our market penetration and sales growth, materially and adversely impacting our business and results of operations.

If we are unable to build and manage our sales network, or maintain sufficient sales and marketing capabilities, either by ourselves or through third parties, we may not be able to successfully create or elevate market awareness of our products or sell our products, which will materially affect our ability to generate product sales revenue.

Our ability to successfully market our drugs or drug candidates (after obtaining the approval) may involve more inherent risks, take longer and cost more than it would if we were a company with sufficient experience launching such drugs and drug candidates. Given that we had no drug candidates approved for commercialization, we have relatively limited experience in commercializing such drug candidates.

Moreover, the success of our sales and marketing efforts depends on attracting, motivating, and retaining skilled sales and marketing personnel with expertise in the relevant medical areas. If we are unable to secure sufficiently qualified personnel or establish effective partnerships, it could adversely

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affect sales, hinder our ability to extend hospital coverage, and limit market penetration. Moreover, working with third-parties to promote and sell our drugs may introduce additional risks, as we have limited control over their marketing efforts, which could result in lower revenue compared to direct commercialization.

The commercialization of our LBP candidates, if approved, may be subject to uncertainties from national, provincial or other third-party drug reimbursement practices and unfavorable drug pricing policies or regulations, which could harm our business.

We intend to seek approval to market our LBP candidates primarily in the PRC, the U.S., Europe and Southeast Asia. In the PRC, drug pricing is subject to governmental control and reimbursement coverage is determined by inclusion in the NRDL. Innovative drugs similar to our LBP candidates have historically faced challenges in obtaining NRDL inclusion due to affordability considerations under the government’s Basic Medical Insurance Program. In addition, the PRC government may implement further pharmaceutical pricing reforms that could adversely affect our pricing strategy. There is no assurance that any of our future approved LBP candidates will be included in the NRDL, and failure to obtain or maintain such inclusion could significantly reduce commercial demand for our products in the PRC.

In the U.S., the commercial success of our LBP candidates, if approved, will depend on the availability and adequacy of coverage and reimbursement from third-party payers, managed care organizations and private health insurers. Coverage decisions are made on a payer-by-payer basis, and payers may impose utilization management controls such as prior authorization or step therapy, or offer reimbursement at rates insufficient to support our target pricing. In addition, the Inflation Reduction Act of 2022 (the “IRA”) introduced significant drug pricing reforms, including empowering the Centers for Medicare & Medicaid Services to negotiate maximum fair prices for certain high-expenditure drugs and requiring manufacturers to pay rebates if drug prices increase faster than inflation. If any of our approved LBP candidates become subject to IRA price negotiation or inflation rebate requirements, or if we fail to obtain adequate coverage and reimbursement in the U.S., our revenue and financial condition could be materially adversely affected.

Guidelines, recommendations and studies published by various organizations could disfavor our drug candidates.

Government agencies, professional societies, practice management groups, private health and science foundations as well as organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors’ drugs and drug candidates. Any such guidelines, recommendations or studies that reflect negatively on our drug candidates, either directly or indirectly related to our competitive drug candidates, could result in current or potential decreased use of, sales of, and revenue from one or more of our drug candidates. Furthermore, our success depends in part on our ability to educate healthcare providers and patients about our drug candidates, and these education efforts could be rendered ineffective by, among other things, third parties’ guidelines, recommendations or studies.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We work with various third parties to develop our drug candidates. If these third parties do not successfully fulfill their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for or commercialize our drug candidates, and our business could be severely harmed.

We engage third-party CROs to manage clinical trial operations, data collection, and statistical analysis for our drug candidates, including SK08 and SK10. Because microbiome-based trials involve large-scale, high-dimensional metagenomic data, the role of our CROs in data management, biostatistics, and programming is critical to the integrity of our regulatory filings.

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While we oversee these partners, their day-to-day operations are beyond our direct control. We remain legally responsible for ensuring that all studies are conducted in accordance with strict clinical protocols and international regulatory standards (including GCP/ICH-GCP). If our CROs, clinical investigators, or other third-party providers fail to comply with the applicable regulations, or if they commit errors in data collection or statistical interpretation, the clinical data generated could be deemed unreliable by the NMPA or the FDA. In such an event, regulators may require us to repeat clinical trials, conduct additional studies, or impose clinical holds, which would materially delay our development timelines and increase our cash burn.

Furthermore, the niche nature of LBP development limits our pool of experienced CRO partners. If any of our key CRO relationships are terminated, we may be unable to secure alternative providers with the requisite expertise in microbial clinical trials on commercially reasonable terms or in a timely manner. Any failure to effectively manage these dependencies or any shortfall in our CROs’ performance could impair our ability to obtain marketing approval and compromise our long-term commercialization strategy.

We may work with our collaborators to advance and commercialize certain of our drug candidates, and our progress depends in part on their commitment and ability to devote appropriate resources and to support our business as contemplated under our collaboration agreements.

As part of our long-term strategy, we may enter into collaboration arrangements with third parties for the clinical development, regulatory filings, and/or commercialization of certain of our drugs in specific regions or indications. While these arrangements allow us to leverage external resources and expertise, they also create dependencies beyond our direct control.

We may have limited influence over our collaborators’ strategies, marketing efforts, or operational decisions. If our partners fail to allocate sufficient resources, experience management changes, or prioritize their own assets over ours, we may face significant delays in clinical enrollment or commercial penetration. Should our collaboration agreements be terminated or re-negotiated under unfavorable terms, we could lose critical financial support from milestone payments and royalties, which would materially and adversely affect our business prospects, financial condition, and results of operations.

We rely on a stable supply of high-quality culture media and specialized raw materials for LBPs, as well as the availability of combination therapy drugs, and any interruptions of such supply could have an adverse impact on our business.

Our manufacturing process for LBPs, specifically SK08 and SK10, requires a stable and adequate supply of high-quality raw materials, including specialized culture media, cryoprotectants, and pharmaceutical-grade fermentation ingredients. The biological activity and consistency of our functional bacterial strains are highly sensitive to the quality and purity of these raw materials. Any slight variation in the nutrient composition or the presence of contaminants in the supplied media could lead to suboptimal batch yields or failure to meet release specifications, thereby delaying our clinical trials. In addition to our core manufacturing ingredients, we procure anti-PD-1/L1 inhibitors and other companion drugs for our combination therapy clinical trials. Our ability to execute these trials depends on the timely availability of these third-party drugs through direct collaboration or specialized procurement channels. Any disruption to our drug partners’ production schedules, significant price escalations, or regulatory recalls affecting these combination agents could force us to suspend or terminate our clinical programs, materially and adversely affecting our development timelines and business prospects.

As we scale up our production in our in-house pilot plant and move toward commercialization, our demand for these specialized LBP raw materials will increase significantly. We cannot assure you that our current suppliers will be able to scale up their capacity to meet our future needs or maintain consistent quality standards. Furthermore, some of our raw materials may be sourced from a limited number of specialized suppliers. If we are unable to identify and validate alternative sources in a timely manner following a supply interruption, our manufacturing operations and overall financial condition would be materially impaired.

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RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our inability to adequately protect our proprietary microbial strains and specialized manufacturing trade secrets could erode our competitive advantage.

Our intellectual property strategy involves a complex blend of patent filings, trade secret protections for proprietary know-how, and the mandatory deposit of our core strains in authorized international repositories. As of the Latest Practicable Date, we owned (i) 63 issued patents, including 62 patents in the PRC, one patent in the U.S.; and (ii) 33 patent applications, including 28 in the PRC, two in the U.S., and three in other jurisdictions; relating to certain of our LBP candidates and product development technologies.

In addition to patents, we rely on trade secrets, unpatented know-how, and proprietary information to maintain our competitive position. As a pharmaceutical company specializing in LBPs, we rely heavily on our ability to protect our proprietary functional microbial strains, manufacturing processes, and clinical data. While we utilize confidentiality agreements and internal security protocols to safeguard our fermentation and lyophilization trade secrets, we cannot assure you that these measures will prevent the unauthorized disclosure or independent derivation of our proprietary technologies.

The registration and enforcement of patents for microbial therapeutics are subject to inherent uncertainties. Patent authorities may challenge the novelty or inventiveness of our specific bacterial consortia or their applications in therapeutic areas such as gastroenterology, oncology and immunology. Furthermore, even for our issued patents, competitors may attempt to circumvent our protection by developing alternative formulations or strain combinations that achieve similar clinical outcomes. Under the “first-to-file” systems in jurisdictions such as the PRC and the U.S., any delay in our patent filings, whether due to budgetary constraints or the complex nature of our preclinical validation, could be exploited by competitors with earlier filings.

The enforcement of our intellectual property rights is also costly and time-intensive. Any breach of confidentiality by current or former employees, or by our collaborations with CROs or other third-party service providers who have access to our proprietary strain-handling protocols, could result in the public disclosure of our trade secrets, rendering them unpatentable and publicly available. Furthermore, the legal frameworks in some jurisdictions may not provide sufficiently robust remedies against infringement. In addition, third parties may adopt trademarks or trade names confusingly similar to ours, which could dilute our brand recognition. Any failure to secure, maintain, or enforce our intellectual property, or an adverse ruling in a litigation, could materially and adversely affect our competitive position, financial condition, and our long-term ability to commercialize SK08, SK10, and our other pipeline assets.

We may be subject to claims that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their former employers, or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, consultants and advisors, including our senior management, were previously employed at or engaged by other biopharmaceutical or research institutions. Although we took steps to ensure that our personnel do not use the proprietary information or know-how of others in their work with us, we may be subject to claims that we or our employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, we may be compelled to pay substantial damages and could lose access to valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs, divert management’s attention and damage our reputation.

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In addition, while we typically require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unable to execute such agreements with each party who, in fact, contributes to the development of our intellectual property. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, which could result in third-party ownership claims. If we are unable to successfully defend against such claims, we may lose valuable intellectual property rights, which could have a material adverse effect on our business, financial condition, and results of operations.

We may be involved in disputes and similar proceedings for alleged intellectual property infringement, leading to uncertain outcomes and significant costs. We may also face expensive, time-consuming lawsuits to protect our patents, which could be ruled invalid or unenforceable, delaying our drug commercialization.

We are subject to the risk of intellectual property disputes, including claims of infringement, misappropriation, and contested ownership. The rapid pace of innovation and the proliferation of patents in the biopharmaceutical industry increase the likelihood of such conflicts, as we may inadvertently utilize technology covered by third-party rights. Regardless of merit, these legal proceedings can be costly, divert critical management and technical resources, and harm our reputation or [REDACTED]. An unfavorable outcome could result in substantial damages, including treble damages for willful infringement, injunctions halting our operations, or the need to seek licenses that may not be available on commercially reasonable terms. Furthermore, the termination of key licensing agreements could deprive us of essential intellectual property.

We may also need to initiate litigations or administrative proceedings, such as those before the China National Intellectual Property Administration (“CNIPA”), to enforce our rights or challenge third-party patents. Such actions are often met with counterclaims and carry the risk that our own patents could be narrowed, invalidated, or deemed unenforceable due to prior art or other legal challenges. Competitors with greater financial resources may be better positioned to sustain these protracted disputes. Ultimately, any failure to protect our proprietary information or successfully defend against infringement claims could lead to the loss of market exclusivity, increased operating losses, and a material adverse effect on our business, financial condition, and growth prospects.

Our patent protections are subject to procedural compliance requirements and limited duration, and any failure to maintain them or any expiration before commercialization may harm our business.

The maintenance of our patent rights depends on timely payment of periodic maintenance, renewal, and annuity fees to the CNIPA, U.S. Patent and Trademark Office, and other patent authorities, as well as compliance with various procedural and documentary provisions during the prosecution process. While inadvertent failures can often be cured through late payments or other remedial measures in accordance with the applicable rules, certain instances of non-compliance may result in the abandonment or lapse of our patents or patent applications, leading to partial or complete loss of patent rights in relevant jurisdictions. Such non-compliance events include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents within required timeframes. If we or our collaboration partners fail to maintain the patents and patent applications covering our drug candidates (including SK08 and SK10), or if we otherwise allow such patents to be abandoned or lapse, our competitors could enter the market. This would materially harm our competitive position and impair our ability to successfully commercialize our drug candidates in any approved indication. Additionally, under the PRC Patent Law (《中華人民共和國專利法》) and related regulations, our collaboration partners and we must file in-licensed patent agreements with the CNIPA within three months after the effective date. Failure to do so could result in loss of our exclusive rights if the licensor grants a bona fide third party a right to use the same patents. Before such filings become effective, we may be unable to protect ourselves against challenges from such third parties, which could materially and adversely affect our business and prospects.

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Furthermore, patents have a limited duration. The limited lifespan of patents means that protections may expire before or shortly after the commercialization of certain pipeline drugs, especially those requiring lengthy development and regulatory review. Upon expiration, our exclusivity may diminish and competitors may freely commercialize similar or identical drugs, eroding our market position. Additionally, if we fail to obtain trademark protections for our primary brands, we may be forced to change branding, which could negatively impact our business. The limited lifespan of patents or failure to obtain trademark protections could materially harm our competitive position.

Changes in patent law could reduce the value of our patents overall, which may weaken our ability to protect our drug candidates.

Changes in patent laws or their interpretation may significantly reduce the overall value of our patents, thereby limiting our ability to safeguard our products. Decisions by regulatory bodies such as the National People’s Congress of China (“NPC”) and the CNIPA could result in amendments to patent laws and regulations that undermine our capacity to secure new patents or enforce existing ones. Similarly, legislative reforms in jurisdictions such as the U.S., coupled with recent Supreme Court decisions, have narrowed the scope of patent protection in certain instances and diminished patent holders’ rights. These developing legal landscapes introduce considerable uncertainty regarding our ability to obtain and enforce patents in the future, as well as the potential commercial value of any patents we may secure.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We incurred substantial losses during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

Investment in drug development is highly speculative. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. Throughout the Track Record Period, we incurred substantial losses mainly due to research and development expenses. Our loss for the year increased from RMB64.0 million in 2024 to RMB69.4 million in 2025. Although we maintained a net asset position of RMB127.7 million as of December 31, 2024 and RMB74.7 million as of December 31, 2025, respectively, recurring losses may erode our net assets over time. In addition, our net current assets decreased from RMB102.3 million in 2024 to RMB58.5 million in 2025, reflecting decrease in cash and cash equivalents and other investments. A sustained decline in net current assets could expose us to liquidity and financial risks.

The development of our drug candidates requires substantial upfront capital and entails significant risks, including potential clinical trial failure, inability to secure regulatory approvals, or lack of market acceptance. The scale of our future net losses will depend on the complexity of our development plans, commercialization costs, and our ability to generate revenue. Even if we achieve profitability, we may be unable to sustain it due to unforeseen expenses, clinical setbacks, regulatory delays, or rising operational costs. Failure to achieve or maintain profitability could diminish our corporate value, impair our ability to raise capital or sustain R&D activities, and lead to significant losses for investors.

We experienced net cash outflow in operating activities during the Track Record Period and may continue to experience net operating cash outflow in the foreseeable future.

Our net cash used in operating activities amounted to RMB45.0 million and RMB22.7 million in 2024 and 2025, respectively. We expect to continue to spend substantial amounts on product discovery, advancing the clinical development of our drug candidates, and launching and commercializing any drug candidates for which we receive regulatory approval. Our existing capital resources may not be sufficient to complete all development or commercially launch all our current drug candidates for the currently anticipated indications, or to invest in additional clinical development programs. Accordingly, we will likely require further funding through public or private offerings, debt financing, collaboration, and licensing arrangements or other sources.

RISK FACTORS

We may need to obtain additional financing to fund our operations even if we consummate the [REDACTED], and if we fail to obtain such financing, we may be unable to complete the development and commercialization of our drug candidates.

We believe our current cash and cash equivalents and the estimated [REDACTED] from the [REDACTED] will be sufficient to meet our anticipated cash needs for at least the next 12 months from the date of this Document. We expect to fund our future operations primarily with existing cash and cash equivalents, future potential payments received from our research and development services, and [REDACTED] from the [REDACTED]. As our business continues to expand, we may seek additional funding through equity offerings, debt financings, license and collaboration arrangements and other sources, which may not be available on terms favorable or commercially reasonable to us or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that may adversely affect your rights as a holder of our H Shares. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other R&D activities, or the commercialization of one or more of our drug candidates, which may adversely affect our business prospects.

We have historically received government grants, subsidies and other preferential policies for our R&D and other activities during the Track Record Period. Expiration of, or changes to, these incentives or policies or our failure to satisfy any condition for these incentives would have an adverse effect on our results of operations.

Our financial results during the Track Record Period were affected by certain non-recurring items. During the Track Record Period, we received subsidies for our R&D activities from local governmental authorities. In 2024 and 2025, we recorded government grants in profit or loss of RMB22.0 million and RMB8.2 million, respectively. We are typically required to meet certain requirements or standards to be qualified to receive such government grants and the timing and amount of each grant, if any, are out of our control. Since these events are non-recurring in nature, we cannot assure you that we may record such other income in future periods and our financial performance may be adversely affected.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a negative effect on our financial performance.

We have granted share-based payments to, among others, attract and retain outstanding individuals to serve the Company. We believe granting share-based payments is significant to our ability to attract and retain key personnel, and we may continue to grant share-based payments to employees in the future. In 2024 and 2025, we incurred equity-settled share-based payment expenses of RMB15.7 million and RMB16.3 million, respectively. Such payment may increase in the future, which could adversely affect our results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective share incentive plans and any subsequently adopted share incentive plans from time to time. If we choose to do so, we may experience a substantial change in our share-based payment charges. In addition, such share-awards may dilute the shareholding percentage of our existing Shareholders and could result in a decline in the value of our H Shares. For more details, see Note 23 to the Accountants’ Report in Appendix I to this Document.

RISKS RELATING TO OUR BUSINESS OPERATIONS

We are a clinical-stage biopharmaceutical company with a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We are a clinical-stage biopharmaceutical company with a limited operating history, having focused on establishing our intellectual property portfolio, conducting drug discovery, preclinical studies and clinical trials of our drug candidates, organizing and staffing our operations, business planning and raising capital. Our historical financial results may not serve as a reliable indicator of future performance, as our past revenue was mainly derived from the provision of research and development services and the sales of NGP raw materials. If we are unable to successfully navigate the transition to a commercially active company, our business may suffer and you may lose all of your [REDACTED] in us.

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The loss of any key members of our senior management team or our inability to attract and retain highly skilled personnel could adversely affect our business.

Our success depends significantly on the continued contributions of our senior management team, including our executive officers and biopharmaceutical experts. These individuals possess deep expertise in LBP research, clinical development, regulatory affairs, and business strategy that is difficult to replicate. The loss of services from any key team member could delay our development programs, disrupt relationships with partners and regulators, and impair our ability to execute strategic objectives. Moreover, the field of microbiome therapeutics requires uniquely skilled personnel with expertise in microbiology, genomics, fermentation science, and clinical development of LBPs. Competition for qualified employees in the biopharmaceutical industry is intense and the pool of qualified candidates is limited. We may not be able to attract and retain qualified scientists, clinicians, and regulatory professionals on acceptable terms, especially as we expand our operations. Any failure to fill critical positions could slow our research progress and delay clinical timelines.

We may not succeed in our business strategy of growth.

Following the [REDACTED], we may pursue acquisitions, joint ventures, and strategic alliances to enhance our competitiveness. Realizing such opportunities involves significant risks, including challenges in harmonizing quality control, financial management, and internal systems. Expanding our operational scope may also strain our management and quality assurance programs. Any failure to effectively integrate new businesses or personnel could prevent us from realizing anticipated benefits and adversely affect our business performance.

Our non-compliance with quality standards, drug recall obligations, and potential policy revisions, as well as product liability claims arising from our clinical development and commercialization activities, could lead to increased operational costs, revenue losses, significant monetary damages, revocation of business licenses and bans on our responsible personnel, negatively impacting our business performance.

We are subject to rigorous quality and recall mandates under the PRC Drug Administration Law (《中華人民共和國藥品管理法》) and the Measures for the Administration of Drug Recalls (《藥品召回管理辦法》). As the Marketing Authorization Holder (“MAH”), we bear primary responsibility for the entire product lifecycle, including identifying defects and executing risk-based recalls. Recalls are classified into three tiers based on health risk severity, with mandatory initiation windows ranging from 24 hours to seven days. Regulatory authorities possess broad powers to seize non-compliant products and equipment or suspend our operations. Furthermore, we must maintain comprehensive traceability and quality records for at least five years. Non-compliance may result in severe administrative and civil penalties, including fines up to 30 times the product value, business license revocation, and lifetime industry bans for responsible personnel.

In addition, we face substantial exposure to product liability claims arising from the clinical development and commercialization of our drug candidates. Such claims, whether alleging design or manufacturing defects, failure to warn, or negligence, could result in significant monetary damages, regulatory investigations, and the withdrawal of clinical trial participants. Even if unsuccessful, litigation can divert critical management resources and inflict lasting reputation damage. Our clinical trial insurance coverage may be limited by exclusions or insufficient to meet potential liabilities, and if we are unable to secure adequate indemnification or if liabilities exceed our policy limits, our financial stability, reputation, results of operations, and commercial prospects could be materially and adversely affected.

RISK FACTORS

Our information technology systems, or those used by our CROs or other contractors or consultants, may fail or suffer security breaches.

We make use of information technology systems to process, analyze and manage data. Despite implementing security measures, our information technology systems, as well as those of our CROs and other service providers, remain vulnerable to damage from computer viruses, cyberattacks, and natural disasters. While we have not experienced material breaches to date, any disruption could delay our R&D programs and impair our financial management. We face increasing risks from cyberattacks, including malware, ransomware, phishing, and unauthorized access attempts. Our drug research generates valuable intellectual property that malicious actors may target to steal proprietary data. Security breaches could result in the loss of confidential information, including patient data from clinical trials, exposing us to regulatory penalties under the relevant data protection laws. Restoration of compromised systems may require significant expenditures and divert management attention from core business activities.

Negative publicity on us or failure to maintain and enhance our recognition and reputation may materially and adversely affect our business.

We believe that market awareness, recognition, and a positive brand image are crucial to our success. While we will continue to promote our brands to remain competitive, we may not succeed. Our reliance on third parties, such as CSOs, to expand our commercialization network may make managing our brand reputation increasingly difficult, as we have limited control over these partners. Any negative publicity, including disputes concerning us, our business partners, or our affiliates, even if untrue, could adversely affect our reputation and prospects. If we are unable to maintain a good reputation, our ability to attract and retain key employees and business partners could be harmed, materially affecting our business, financial condition, and results of operations.

Failure to maintain an effective internal control system could lead to inaccurate financial reporting, loss of investors’ confidence, limited access to capital, and a decline in our [REDACTED].

Our ability to ensure accurate financial reporting and safeguard against fraud depends on maintaining effective internal controls. Following the [REDACTED], we will face increased pressure from the updated corporate governance requirements, which now mandate annual, detailed disclosures of our risk management findings. We cannot guarantee that these measures will be immune to human error or employee misconduct. Any failure to sustain an effective control environment, particularly as we scale up our R&D and clinical operations, could lead to material inaccuracies in our financial statements, trigger regulatory sanctions, and severely diminish investors’ confidence in our H Shares.

We may not be able to effectively manage our distributor or maintain our relationship with it. Any deterioration in our relationship with our sole distributor, or any failure on its part to perform its obligations, could materially and adversely affect our revenue and results of operations.

Our NGP raw materials business relies on a sole independent third-party distributor, over which we have limited control. In 2024 and 2025, revenue generated from the sales to our distributor amounted to RMB0.3 million and RMB0.4 million, respectively, which accounted for 45.8% and 14.9% of our total revenue for the respective years. However, we have relatively limited control over our distributor, which may fail to distribute our products as we intend. While we collaborate with this distributor to deliver and promote our products, there is no assurance that it will continue its arrangement with us on favorable terms or at all. Termination of this relationship or unfavorable changes in terms may negatively affect our operations and revenue.

Our operational performance depends on maintaining this distribution relationship and ensuring timely payment collection. To prevent “channel-stuffing” and artificially inflated sales, we maintain strict product return policies and monitor distributor inventory levels. While we experienced no material returns during the Track Record Period, we cannot guarantee that our distributor will consistently adhere to our policies. Any failure to manage our distribution network effectively may impair our ability to accurately assess market demand and cause significant financial and reputational damage.

RISK FACTORS

If we face litigations, government investigations, or administrative actions, our management’s focus could be shifted, leading to significant costs and liabilities for us.

We may become involved in litigations, contractual disputes, or administrative proceedings arising from our ordinary business activities, including matters related to product liabilities, intellectual property, and employment issues. Such disputes, whether involving suppliers, partners, or other third parties, could divert management’s attention and necessitate significant legal expenditures. Unfavorable outcomes, including substantial damage awards or settlements, may require us to suspend certain business initiatives or assume significant liabilities. Furthermore, any associated negative publicity could tarnish our reputation and brand image, materially affecting our financial condition and results of operations.

Our failure to comply with stringent environmental, biosafety, and health and safety regulations could expose us to significant liabilities, operational disruptions, and reputational damage.

Our research and manufacturing operations, particularly the culture, fermentation, and scale-up of live bacterial strains, are subject to extensive environmental and biosafety laws. Unlike traditional pharmaceutical companies that primarily handle hazardous chemical waste, our operations involve cultivating high-density live microbial consortia. This creates unique risks related to biological contamination, the accidental release of concentrated bacterial strains, and potential public health impacts. We rely on third-party CROs, waste management vendors and other third-party service providers to handle, store, and dispose of our biological waste and specialized chemical reagents in connection with our R&D and clinical activities. While we implement strict internal protocols to ensure our partners adhere to applicable environmental and biosafety standards, these activities remain inherently risky. We cannot eliminate the possibility of accidental contamination or injury resulting from our own processes or those of our third-party service providers. Any incident involving a breach of biosafety protocols or an unauthorized release of microbial materials could trigger intensive regulatory investigations, lead to substantial fines, and mandate the suspension of our research and production activities. Furthermore, evolving ESG and biosafety regulations in the PRC and other jurisdictions may require significant capital investment in our pilot plant or force us to modify our R&D processes, which would materially and adversely affect our business, financial condition, and results of operations.

We may be subject to risks relating to leased properties.

As of the Latest Practicable Date, we leased seven properties in the PRC with an aggregate gross floor area of approximately 7,632.9 sq.m. Our leased properties are used as our R&D, office, and manufacturing sites. Upon the expiration of these leases, we may need to renegotiate terms and could be subject to increased rental costs. There is no assurance that we will successfully renew our leases on terms favorable or acceptable to us at all. We may need to secure alternative locations and incur relocation costs, potentially disrupting or suspending our operations. Under PRC laws and regulations, lease agreements in general are required to be registered with local housing authorities. As of the Latest Practicable Date, the lease registration for some of our leased properties in the PRC had not been completed. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed timeframe after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority.

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

Our activities involve inherent risks associated with R&D and manufacturing, which may lead to personal injury or property damage. Although we maintain various insurance policies, including clinical trial insurance and commercial accident insurance for our employees, such coverage may be insufficient to account for all potential losses or liabilities. For more details, see “Business — Insurance.” If these risks materialize and exceed our insurance limits, the resulting financial impact could materially and adversely affect our business and results of operations.

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We are exposed to risks from disruptive events beyond our control.

Our business and financial condition could be severely harmed by force majeure events beyond our control, such as natural disasters, pandemics, or social unrest. These events may materially disrupt our operations and supply chains. Furthermore, any recurrence of such events could damage the regional economy and infrastructure, negatively impacting our long-term plans and performance.

We may be exposed to the risks of conducting business in multiple jurisdictions.

We aim to expand globally through overseas licensing and potential direct commercialization in markets such as the U.S., the European Union (“EU”) and Southeast Asia. However, our limited international experience exposes us to significant uncertainties, including navigating complex regulatory frameworks (such as the FDA) that differ from the PRC. International expansion entails higher development costs, dependency on overseas partners, and exposure to foreign drug liability claims. Furthermore, our operations may be impacted by geopolitical disruptions, including trade conflicts and tightening foreign investment restrictions. As of 2026, the U.S. has introduced more stringent oversight for foreign-linked biotech firms, which could prolong approval timelines or limit our ability to secure federal contracts. Any failure to manage these multi-jurisdictional risks could materially and adversely affect our business prospects and sustainable profitability.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities, and, if required, we cannot predict whether we will be able to obtain such approval or complete such filing.

We are subject to a tightening regulatory framework for overseas listings in the PRC, governed by the 2021 Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) and the 2023 Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”). These regulations mandate comprehensive oversight of cybersecurity, data security, and cross-border data flows for Chinese companies listing abroad. Under the Trial Measures, which became effective on March 31, 2023, the CSRC may require domestic companies to rectify non-compliance or even divest specific assets and businesses to eliminate potential risks to national security. Failure to comply with these evolving security standards could result in significant operational disruptions or prevent us from maintaining our [REDACTED] status. Our proposed [REDACTED] is subject to overseas [REDACTED] regulations, which prohibit [REDACTED] that pose national security risks or violate PRC laws. Under current regulations, we are required to submit this filing within three working days of our [REDACTED]. While we are taking the necessary steps, we cannot guarantee that we will complete the CSRC filing process or secure required permits in a timely manner, or at all. Any failure to comply could prevent the completion of this [REDACTED] or hinder our future fundraising capabilities.

We and our collaborators are subject to laws and regulations related to data privacy and security, and we may be exposed to risks relating to personal information or other data.

We are subject to increasingly stringent data privacy and security laws, particularly in the PRC. These include, among others, the Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law (《中華人民共和國網絡安全法》), and the Personal Information Protection Law (《中華人民共和國個人信息保護法》) of the PRC, which impose rigorous obligations on data processing, personal information protection, and cross-border data transfer. Despite our efforts to maintain compliance, any failure, by us or our third-party collaborators such as CROs and hospitals, to comply with applicable data privacy and security laws and regulations could trigger severe enforcement actions, including fines, public censure, or criminal penalties for our officers. Furthermore, as regulatory interpretations evolve, we may face increased compliance costs or restrictions imposed on data processing that could materially and adversely affect our R&D activities and financial performance.

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If we or the third parties we cooperate with do not maintain or renew the necessary permits, licenses, and certificates for developing and producing our approved or pipeline drugs, it could significantly hinder our ability to operate.

Our business requires various permits, licenses, and certifications, including drug manufacturing and hygiene licenses, to develop, produce, and sell our products. We and the third parties we rely on, such as medical institutions and distributors, are subject to periodic inspections and audits by regulatory authorities. Any unfavorable findings could lead to the suspension, revocation, or non-renewal of these essential authorizations. Furthermore, licensing standards and regulatory interpretations may change; we cannot guarantee that our partners or we will successfully comply with new requirements or obtain additional permits in a timely manner. Any failure to maintain these certifications could significantly disrupt our operations and commercialization efforts.

We face risks of violation of anti-bribery and anti-corruption by employees and third parties.

We are subject to stringent anti-kickback, false claims, and healthcare fraud and abuse laws in the PRC and other jurisdictions. Despite implementing internal controls and compliance procedures, we may be held liable for the misconduct of our employees, healthcare providers, physicians, consultants, or third-party distributors. Our reliance on distributors and our engagement with medical institutions, including the sponsorship of academic conferences, expose us to risks of alleged bribery or improper conduct. Any actual or perceived violations could trigger regulatory investigations, substantial civil and criminal penalties, and exclusion from government healthcare programs. Furthermore, the evolving and often ambiguous nature of these regulations requires significant resources for adherence. Any compliance failure by us or our commercial partners could result in severe reputational damage, costly litigation, and a material adverse effect on our business operations and financial performance.

Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of the PRC may limit our ability to pay dividends and other obligations and affect the value of your [REDACTED].

We receive all of our revenue in Renminbi. Under current PRC foreign exchange regulations, current account payments, such as profit distributions and trade-related transactions, can be made in foreign currencies through licensed banks without SAFE approval, provided procedural requirements are met. If we cannot meet the conversion requirements to obtain sufficient foreign currency, we may be unable to pay dividends in foreign currency. Converting Renminbi for capital expenses abroad requires prior registration and approval from competent authorities. Additionally, future regulations may impose further restrictions on Renminbi remittances into or out of Chinese Mainland.

Fluctuations in exchange rates could result in foreign currency exchange losses.

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, while the [REDACTED] from the [REDACTED] will be in Hong Kong dollars. The value of the Renminbi against U.S. dollars and Hong Kong dollars may fluctuate and is affected by, among other things, changes in global political and economic conditions, which are out of our control. Therefore, any fluctuations in the Renminbi's exchange rate against other currencies may expose us to exchange rate risk, and our results of operations may be adversely affected. In addition, we normally do not have a foreign currency hedging policy and our use of derivatives markets or foreign exchange hedging measures to minimize foreign exchange rate risk may fail. Accordingly, we are exposed to exchange rate fluctuations and such exposure may adversely affect our financial position and the performance of our business.

Changes in the relevant PRC laws, rules, regulations, economic, political or social conditions and government policies may affect our business, financial condition, results of operations and prospects.

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are affected by the economic, political and legal developments in the PRC. The Chinese biopharmaceutical industry is subject to comprehensive and evolving regulations governing drug approval,

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manufacturing, and marketing. Future regulatory changes may increase the compliance costs or obstruct the commercialization of our products. While China has experienced significant economic growth, such growth remains uneven. Government policies regarding resource distribution, capital investment controls, or tax regulations, intended to manage the broader economy, could adversely affect our financial condition. Furthermore, shifts in economic policies, such as interest rate adjustments, may dampen market activity and hinder our strategic execution.

Changes in U.S. and international trade policies, and in relationships between the PRC and other countries, may adversely impact our business and operating results.

U.S. trade policy has undergone significant disruption in recent years. Certain tariffs on PRC goods imposed under separate statutory authorities remain in effect, and new trade measures may be introduced under alternative legal bases. The resulting uncertainty, together with ongoing geopolitical tensions between the PRC and the U.S., could increase our operating costs, disrupt our supply chain, constrain our ability to pursue overseas partnerships, and heighten regulatory scrutiny of PRC-based companies in international markets. Although we have not yet commercialized any drug candidates, any escalation of trade tensions or imposition of additional trade measures could materially and adversely affect our commercialized business, results of operations, cash flows, and prospects.

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

We are a company incorporated under the laws of the PRC, and a significant portion of our assets and all of our Directors and senior management are located in the PRC. As a result, it may be difficult to directly effect service of process outside the PRC upon us or most of our Directors and senior management in the PRC. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) signed in 2006 between the Supreme People’s Court and the Hong Kong SAR Government, recognition and enforcement of judgments between Hong Kong and PRC courts was only available where parties had expressly agreed in writing to a choice of court. The Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between the Courts of the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which became effective on January 29, 2024, broadens this scope by allowing courts to apply jurisdiction in accordance with certain rules without requiring such written agreement, and permits any party to apply to the relevant PRC or Hong Kong court for recognition and enforcement of civil and commercial judgments subject to the conditions set forth therein. Nonetheless, the outcome of any action brought under this arrangement remains uncertain, and we cannot assure you that a qualifying judgment will be successfully recognized and enforced in a PRC court.

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and its implementation rules, dividends paid to non-resident enterprise investors (those without a PRC establishment or with unrelated income) are generally subject to a 10% PRC withholding tax, unless reduced by an applicable tax treaty. Gains from share transfers by such investors may also be subject to 10% PRC income tax if deemed PRC-sourced. For foreign individual investors who are not PRC residents, dividends are generally subject to 20% PRC withholding tax, and share transfer gains are subject to 20% PRC individual income tax, subject to potential treaty relief. If we are classified as a PRC resident enterprise for tax purposes, all dividends and share transfer gains may be treated as PRC-sourced income, triggering the above tax liabilities. However, it is uncertain whether non-PRC shareholders can claim benefits under tax treaties between their jurisdictions of residence and China. If we are required to withhold PRC income tax on dividends, or if shareholders are required to pay tax on share transfer gains, the returns on [REDACTED] in our Shares could be reduced. Any such tax imposition would materially and adversely affect the value of your [REDACTED].

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Any failure to comply with the PRC regulations regarding contribution of social insurance premium or housing provident funds may subject us to fines and other legal or administrative measures.

According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) and other applicable PRC regulations, any employer operating in the PRC must contribute social insurance premium and housing provident funds for its employees. Any failure to make timely and adequate contribution of social insurance premium or housing provident funds for its employees may trigger an order of correction from competent authority requiring the employer to make up the full contribution of such overdue social insurance premium or housing provident funds within a specified period of time, otherwise the competent authority may further impose fines or penalties. We make contributions of social insurance premiums for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits, as well as the housing provident funds.

During the Track Record Period, we were not in strict compliance with the requisite contribution requirements in relation to some of our PRC employees. We may be required to make up the deficiencies and be subject to late fees and fines for our insufficient contributions to the social insurance and housing provident fund. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline, and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. During the year ended December 31, 2024 and 2025, our shortfall in social insurance and housing provident fund contributions amounted to RMB2.3 million and RMB1.9 million, respectively. If we fail to make such payments within the deadline set by the relevant PRC authorities, we may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing funds as required, the housing funds management centre in the PRC may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. We have consulted relevant competent social insurance and housing provident fund authorities, confirming that there is no record of any member of our Group that hires employees being imposed administrative penalties by the relevant authorities for violation of the relevant laws and regulations. As advised by our PRC Legal Advisor, the likelihood that we will be required to settle all historical social insurance premiums and housing provident funds and be subject to administrative penalties due to our failure to make full contributions of social insurance premium and housing provident funds for some of our employees during the Track Record Period is remote, provided that there are no material adverse changes in the current regulatory policies and environment and no employee complaints occur. As of the Latest Practicable Date, no administrative penalties or legal proceedings had been imposed on us by any competent regulatory authority in respect of our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. We did not make any provisions for the shortfall. However, we cannot assure you that the competent authority will not require us to rectify any non-compliance by making a contribution of overdue social insurance premiums or housing provident funds or to pay any overdue fine or penalty related thereto, and we may also be subject to labor disputes arising from such arrangement.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and the [REDACTED] and [REDACTED] of our H Shares may be volatile.

No public market currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of our negotiations with the [REDACTED] (for itself and on behalf of the [REDACTED]) and the [REDACTED] may differ significantly from the market price of the H Shares following the [REDACTED]. While we have applied for our H Shares to be [REDACTED] on the Stock Exchange, a [REDACTED] does not guarantee the development or sustainability of an active and liquid [REDACTED] market. The market price of our H Shares may decline following the [REDACTED] due to factors beyond our control. Notably, a significant portion of our H Shares will be subject to lock-up restrictions from the [REDACTED], which may constrain [REDACTED] volume and liquidity in the short term. The presence of these restrictions, combined with the inherent volatility of the innovative pharmaceutical sector in 2026, means that even if a [REDACTED] market develops, it may not be sustained, and the market price may not reflect our long-term intrinsic value.

RISK FACTORS

You may face immediate dilution and market pressure.

You may face immediate financial dilution because the [REDACTED] exceeds the book value of our H Shares. Your ownership percentage may decrease further if we issue additional H Shares later. Furthermore, if large blocks of H Shares are sold in the future (or if the market expects them to be), our stock price may drop, making it harder for us to raise funds.

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

We intend to use the [REDACTED] from the [REDACTED] to support our future growth and business strategies, including but not limited to the following purposes: (i) funding the R&D and regulatory registration of SK08 and SK10; (ii) funding the continuous development of our technology platforms, the advancement of our existing pipeline assets, and the exploration and development of new drug candidates; and (iii) working capital and other general corporate purposes. For details, see “Future Plans and Use of [REDACTED].” However, our management will retain significant discretion in determining the actual allocation and timing of the use of the [REDACTED]. The application of the [REDACTED] may vary depending on changes in our business environment, market opportunities, regulatory developments, and other factors beyond our control. As a result, you will be entrusting your [REDACTED] to our management, whose decisions regarding the use of [REDACTED] may not align with your expectations or may not yield favorable returns.

Because we do not expect to pay dividends in the foreseeable future after the [REDACTED], you should rely on the price appreciation of our H Shares for a return on your [REDACTED].

Our ability to pay dividends depends on generating sufficient earnings. Whether we declare dividends will be subject to shareholder approval and various factors, including financial performance, legal requirements (in PRC and Hong Kong), and capital needs. Consequently, there is no guarantee regarding the timing, amount, or certainty of future dividend payments.

Any possible [REDACTED] of our Unlisted Shares into H Shares in the future could increase the number of our H Shares in the market and negatively impact the [REDACTED] of our H Shares.

Our Unlisted Shares may be converted into H Shares through the “Full Circulation” process, potentially increasing the supply and impacting the [REDACTED] of our H Shares. While these shares rank pari passu with our existing H Shares, they are subject to a statutory one-year lock-up period under the PRC Company Law (《中華人民共和國公司法》) following our initial [REDACTED]. Furthermore, any conversion requires mandatory filing with the CSRC and the approval of the Stock Exchange. The introduction of a significant volume of previously unlisted equity into the public market after the expiry of the lock-up period may lead to perceived or actual selling pressure, which could adversely affect the prevailing market price and our ability to raise future capital.

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

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the Controlling Shareholders will, in aggregate, beneficially own approximately [REDACTED]% of the enlarged share capital of our Company. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders may have significant influence in determining the outcome of corporate matters submitted to the Shareholders for approval, including mergers, privatizations, election of Directors, and the sale of substantially all of our assets. Their interests may not be aligned with the interests of our other Shareholders, which may have a material and adverse effect on our Company’s business operations and the price at which our H Shares are [REDACTED] on the Stock Exchange.

RISK FACTORS

Certain facts, forecasts and statistics obtained from various government sources in this Document relating to our industry may not be fully reliable.

We rely on independent industry reports and government data to provide context for our market position, particularly the section headed “Industry Overview.” Such information has not been independently verified, and [REDACTED] are cautioned that the industry statistics and forecasts included in this Document may not be consistent with information compiled from other sources. You should consider carefully the importance placed on such information or statistics.

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

We disclaim responsibility for any media coverage or financial projections regarding the [REDACTED] published prior to this Document. We did not authorize such information and make no representations regarding its accuracy. In the event of conflicting information, you should rely solely on the contents of this Document.

Forward-looking information in this Document is subject to risks and uncertainties.

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Given that (i) our Group’s management headquarters, senior management, business operations and assets are primarily based outside Hong Kong; (ii) our executive Director and members of the senior management team principally reside in the PRC; and (iii) the management and operations of the Company have been mainly under the supervision and guidance of our executive Director and senior management team, who are principally responsible for the overall management, corporate strategy planning, business development and control of the Group’s businesses and it is important for them to remain in close proximity to the Group’s operations located in the PRC, the Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, 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. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange and will be able to meet with the Stock Exchange within a reasonable time frame on request. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives. We have appointed two authorized representatives, namely Dr. Wang Ye, the executive Director and general manager of our Company and Ms. Li Chiao Ling, our joint company secretary (“Ms. Li”). Ms. Li is situated and based in Hong Kong;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including telephone number, mobile phone number, facsimile number (if available), email address, residential address and contact address (if different from the residential address)) to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives have means for contacting all Directors promptly at all times as and when required;
- (c) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;
- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of SDIC Securities Corporate Finance (Hong Kong) Limited as our Compliance Advisor, who will act as an additional channel of communication with the Hong Kong Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. The Compliance Advisor will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means,

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including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other members of the senior management of our Company will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules; and

- (e) meetings between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and/or our Compliance Advisor.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual: (i) length of employment with the issuer and other issuers and the roles he/she played; (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 under the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (i) whether the issuer has principal business activities primarily outside Hong Kong; (ii) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (both as defined under paragraph 11 of Chapter 3.10 under the Guide for New Listing Applicants) as a company secretary; and (iii) why the directors consider the individual to be suitable to act as the issuer’s company secretary. Further, pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. Liang Baoxia (“**Ms. Liang**”) as one of our joint company secretaries with effect from the [REDACTED]. Ms. Liang has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Li Chiao Ling, a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Liang for an initial period of three years from the [REDACTED] to enable Ms. Liang to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For details of their biographies, see “Directors and Senior Management — Joint Company Secretaries” in this Document.

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

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

Before the expiration of the initial three-year period, the qualifications of Ms. Liang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. Before the end of the three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Liang to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will demonstrate to and seek the Stock Exchange’s confirmation that Ms. Liang, having had the benefit of Ms. Li’s assistance for three years, has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver would not be necessary. For more details of Ms. Liang and Ms. Li’s biographies, please refer to the section headed “Directors and Senior Management”.

**EXEMPTION FROM COMPLIANCE WITH SECTION 342(1)(b) OF THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE IN RELATION TO
PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO
THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the “**Third Schedule**”), and set out the reports specified in Part II of the Third Schedule.

Paragraph 27 of Part I of the Third Schedule requires a company to include in its prospectus a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule further requires a company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the company for each of the three financial years immediately preceding the issue of the prospectus and (ii) the assets and liabilities of the company of each of the three financial years immediately preceding the issue of the prospectus.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from the compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous

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Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange be included in the accountants’ report to the prospectus.

Our Company is a Biotech Company as defined under Chapter 18A of the Listing Rules and is seeking a [REDACTED] under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to [REDACTED] under substantially the same management. Rule 18A.06 of the Listing Rules requires that a Biotech Company must comply with Rule 4.04 of the Listing Rules modified so that references to “three financial years” or “three years” in Rule 4.04 of the Listing Rules shall instead be references to “two financial years” or “two years,” as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the [REDACTED] document.

In compliance with the abovementioned requirements under the Listing Rules, the Accountants’ Report set out in Appendix I to this Document is currently prepared to cover the years ended December 31, 2024 and 2025. As such, we have applied to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule regarding the inclusion of the Accountants’ Report covering the full three financial years immediately preceding the issue of this Document on the following grounds:

- (a) our Company is primarily engaged in R&D, application and commercialization of biotech products, and falls within the scope of Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for [REDACTED] required under Chapter 18A of the Listing Rules;
- (b) the Accountants’ Report for the financial years ended December 31, 2024 and 2025 has been prepared and is set out in Appendix I to this Document in accordance with Rule 18A.06 of the Listing Rules;
- (c) given that our Company is only required to disclose its financial results for each of the financial years ended December 31, 2024 and 2025 under Chapter 18A of the Listing Rules, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule would be unnecessary and/or irrelevant in the circumstance of the Company;
- (d) notwithstanding that the financial results set out in the Document are only for the financial years ended December 31, 2024 and 2025 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this Document pursuant to the relevant requirements; and
- (e) the Accountants’ Report covering the financial years ended December 31, 2024 and 2025 (as set out in Appendix I), together with other disclosures in the Document, have already provided adequate and reasonable up-to-date information in the circumstances for the potential

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
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[REDACTED] to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the [REDACTED] public.

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule on the conditions that particulars of the exemption are set out in this Document and that this Document will be issued on or before [REDACTED].

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS^{Note}

Name	Position	Address	Nationality
Dr. Zhi Fachao (智發朝)	Non-executive Director	Room 402, Building A No. 33 Jijingkeng Street North Guangzhou Avenue Guangzhou, Guangdong, China	Chinese
Dr. Wang Ye (王曄)	Executive Director	Suite 1016, Block B2 Greenland Central Square Apartments No. 122 & 124 Kexue Avenue Huangpu District Guangzhou, Guangdong, China	Chinese
Ms. Li Xuexiang (李雪香)	Non-executive Director	Room 2602, Block 16 No. 8 Jinyuan Road Guicheng Subdistrict, Nanhai District Foshan, Guangdong, China	Chinese
Mr. Cao Da (曹達)	Non-executive Director	Room 1101, Unit 1, Building 4 No. 23 Xueqing Road, Haidian District Beijing, China	Chinese
Dr. Zhang Yibo (張益波)	Non-executive Director	No. 900, Yan'an West Road Changning District Shanghai, China	Chinese
Mr. Lin Yunyu (林雲宇)	Non-executive Director	Room 1502, 11th Building, Northwest side of Changlingju Primary School Yongshun Avenue, Changling Subdistrict Huangpu District Guangzhou, Guangdong, China	Chinese
Dr. Zeng Ming (曾明)	Independent non-executive Director	12-1, Courtyard No. 206 West Xihongmen South First Street Fengtai District Beijing, China	Chinese
Dr. Chen Qikui (陳其奎)	Independent non-executive Director	Room 1804, No. 16, Yijing 2nd Street Yingfeng Road, Haizhu District Guangzhou, Guangdong, China	Chinese
Ms. Li Ying (黎澄)	Independent non-executive Director	Flat 07, 11/F Tower 1B, Belgravia Place I 1 Berwick Street Shek Kip Mei, Kowloon Hong Kong	Chinese

Note:

- (1) As of the Latest Practicable Date, Dr. Liu Yangyang (劉洋洋) was our Director and deputy general manager of our Company. He will resign from directorship immediately prior to the [REDACTED] and continues to serve as a senior management upon [REDACTED]. The appointment of Dr. Zeng Ming (曾明), Dr. Chen Qikui (陳其奎) and Ms. Li Ying (黎澄) as independent non-executive Directors will become effective upon [REDACTED]. Please see “Directors and Senior Management” for further details of our Directors as of the Latest Practicable Date and upon [REDACTED].

For details with respect to our Directors, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

OTHER PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

**SDIC Securities Corporate Finance
(Hong Kong) Limited**
39/F, One Exchange Square
Central, Hong Kong

**China Industrial Securities International
Capital Limited**
32/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan, Hong Kong

[REDACTED]

Legal Advisors to the Company

As to Hong Kong law and United States law
Jia Yuan Law Office
Suites 3502-3503, 35/F
One Exchange Square
8 Connaught Place, Hong Kong

As to PRC law
Grandall Law Firm (Guangzhou)
19th Floor, No. 32 Huaxia Road
Tianhe District
Guangzhou, PRC

Legal Advisors to the Joint Sponsors and the [REDACTED]

As to Hong Kong law
Stephenson Harwood
43/F, One Taikoo Place
979 King’s Road, Quarry Bay
Hong Kong

As to PRC law
Commerce & Finance Law Offices
12-15/F, China World Tower 2
No. 1 Jianguomenwai Avenue
Beijing, PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Reporting Accountants and Auditor

KPMG

Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Accounting and Financial
Reporting Council Ordinance
8/F, Prince’s Building
10 Chater Road, Central
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.,
2504 Wheelock Square
1717 West Nanjing Road
Shanghai 200040
China

[REDACTED]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC

Room 301, Building A, No. 2 Ruitai Road
Huangpu District, Guangzhou, Guangdong, the PRC

Principal Place of Business in Hong Kong

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay,
Hong Kong

Company's Website

www.zypharm.com.cn

(the information contained on the website does not form part of this Document)

Joint Company Secretaries

Ms. Liang Baoxia (梁寶霞)

Room 301, Building A
No. 2 Ruitai Road
Huangpu District
Guangzhou, Guangdong
the PRC

Ms. Li Chiao Ling (李巧玲)
(ACG, HKACG)

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Authorized Representatives

Dr. Wang Ye (王曄)

Room 301, Building A
No. 2 Ruitai Road
Huangpu District
Guangzhou, Guangdong
the PRC

Ms. Li Chiao Ling (李巧玲)

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Audit Committee

Ms. Li Ying (黎澄)
(Chairperson)
Dr. Zeng Ming (曾明)
Mr. Cao Da (曹達)

Nomination Committee

Dr. Chen Qikui (陳其奎)
(Chairperson)
Dr. Zeng Ming (曾明)
Ms. Li Xuexiang (李雪香)

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INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this Document were extracted from the Frost & Sullivan Report, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. For more details of the risks relating to our industry, see “Risk Factors” in this Document.

OVERVIEW OF THE LBP MARKET

Introduction to LBPs

Live biotherapeutic products (“LBPs”) are typically live microbial preparations composed of living microorganisms. In the U.S., the FDA clearly defines LBPs as “biological products, excluding vaccines, that contain live organisms (such as bacteria) and are applicable to the prevention, treatment, or cure of a disease or condition of human beings.” In China, under the regulatory framework set out in the Administrative Measures for the Registration Classification and Submission Requirements of Biological Products issued by the NMPA in 2020, LBPs, which are classified as microbial products, are generally regulated as therapeutic biological products containing microorganisms, and are subject to the development, registration, and approval pathways applicable to biological products. LBPs represent the cutting-edge segment of the biopharmaceutical landscape focused on microbiome therapy. As a significant innovative branch, they signify a shift from drugs based on clearly defined active entities, such as antibodies and proteins, toward systemic therapies based on the regulation of the microbiome.

Intergenerational Development in the LBPs

According to Frost & Sullivan, the development of LBPs can be divided into two generations: (i) first-generation, representing the early exploratory phase prior to 2010, during which LBPs had been widely used but a unified regulatory definition had not yet been established. Most products remained at the level of traditional microecological preparations and were primarily applied empirically based on bacterial strains or genera without clear indication-driven use or systematic clinical validation. Clinical evidence was mostly derived from non-randomized controlled studies, and the CMC system was relatively underdeveloped, resulting in limited product consistency and reproducibility. Representative first-generation LBPs in China include combined bifidobacterium, lactobacillus, enterococcus and bacillus cereus tablets, live; and (ii) second-generation, centered on modern drug development systems, following the FDA first proposing in 2010 to incorporate such products into the pharmaceutical regulatory framework, and formally issuing relevant guidance in 2012 that established LBPs as a distinct category — followed by further revisions and updates in 2016 — the industry has gradually entered a more standardized stage of development. From the perspective of industry evolution, second-generation LBPs are characterized by well-defined mechanisms of action (“MoA”), robust clinical evidence, and controllable product quality. In addition, in recent years, the LBP industry has gradually evolved beyond live microorganisms toward broader therapeutic modalities, including inactivated microbial products, which may further expand the technological boundaries and clinical potential of LBPs. Representative second-generation LBPs globally include BIOMICTRA and REBYOTA.

From a generational perspective within the industry, second-generation LBPs are clearly defined by their well-established MoA, robust evidence base, and controllable quality. They can be distinguished primarily based on the following characteristics: (i) at the level of regulatory, LBPs are required to follow the IND application process and the marketing approval pathway applicable to pharmaceuticals; (ii) at the level of development targets, the focus has shifted from early-stage applications centered on microbial species or genera to a more precise development approach driven by specific functional strains. Representative products, such as SK08, demonstrate a clearer functional and indication-specific positioning, with a stronger emphasis on strain-level specificity rather than species-level classification,

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thereby rendering their development paradigm aligned with that of pharmaceutical products in terms of scientific rigor; (iii) at the clinical level, emphasis is placed on demonstrating safety and efficacy through well-designed clinical trials. Clinical efficacy can only be considered established when it is confirmed by independent trials of acceptable quality, including those that are sufficiently powered, randomized, blinded, and placebo-controlled; and (iv) at the CMC level, a systematic control framework centered on “Quality by Design” (QbD) should be established to ensure reproducible manufacturing and batch-to-batch consistency based on a clear understanding of the target patient population, route of administration, distribution and colonization, and toxicological characteristics of the product.

Based on the timeline and classification outlined above, LBPs approved for marketing in China are first-generation products at present, all of which were approved prior to 2010. Since then, no second-generation LBPs have been approved for commercialization in China, according to Frost & Sullivan. Since 2010, the industry has begun to gradually align with the mainstream international regulatory and development frameworks for LBPs. In 2019, SK08 became the first oral second-generation LBP in China to initiate clinical trials, and in 2025, it also obtained approval in the U.S. to commence Phase II clinical trials. Meanwhile, SK10 obtained IND approval from the FDA for CID indication in 2022, marking a key milestone for domestic companies in aligning with standardized international LBP development pathways.

Indication Coverage

LBPs are used across multiple major therapeutic areas, the most significant of these is the field of diseases influenced by the gut microbiota. The gut microbiota, a collection of bacteria, archaea and fungi that colonize the intestine, plays a vital role in multiple physiological processes throughout the host’s life cycle. It is involved in metabolic regulation, immune modulation, and neural signaling, and contributes to essential functions such as digestion and host immunity. Published literature have shown that the gut microbiota is closely associated with the onset and progression of a wide range of diseases, including gastrointestinal disorders, metabolic diseases, immune system disorders, and cancer, thereby providing important scientific foundation and direction for the development of LBPs.

Specifically, the clinical applications of LBPs span a range of key therapeutic areas. In the field of digestive system diseases, these primarily include *clostridioides difficile* infection (“**CDI**”), functional gastrointestinal disorders (“**FGIDs**”), and inflammatory bowel disease (“**IBD**”). Additionally, LBPs show significant efficacy in managing infectious diarrhea, such as rotavirus infection, by strengthening the intestinal barrier and modulating antiviral immune responses. In the area of metabolic diseases, the focus is on obesity and its associated metabolic disorders, providing long-term management strategies for chronic conditions. Regarding immune system diseases, LBPs demonstrate therapeutic potential for various immune-related disorders through the dynamic modulation of host immune functions and microbiota-host interactions. In oncology, LBPs not only improve the tumor microenvironment to enhance the efficacy of immunotherapies, such as PD-1/L1 inhibitors, but also play a critical role in supportive care. For complications like chemotherapy-induced diarrhea (“**CID**”), where traditional treatments often focus on symptomatic relief, LBPs provide a disease-modifying approach by repairing the intestinal mucosa, restoring microbial homeostasis, and regulating local immune activity.

Mechanism Advantages and Clinical Potential

LBPs participate in the construction of the microbiota-host interaction network by regulating the structure and function of the gut microbiota. They reshape host immune responses, metabolic pathways, and microecological balance, while the host’s immune status and internal environment, in turn, influence the composition and function of the microbiota. Furthermore, through engineering approaches, targeted delivery and functional enhancement can be achieved, thereby systematically intervening in the onset and progression of diseases and establishing a novel therapeutic paradigm distinct from traditional drugs.

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Based on strain composition and origin, LBP’s can be classified into single-strain drugs, multi-strain drugs, fecal microbiota transplant (“FMT”) products, and engineered microbial drugs. Different types of LBP’s exhibit certain differences in their MoA, among these, the regulation of FMT in China has certain unique characteristics. According to the “Technical Specifications for National Medical Service Projects (2023 Edition)” issued in 2023 by the National Health Commission, the National Administration of Traditional Chinese Medicine, and the National Center for Disease Control and Prevention, FMT falls under the scope of medical technology management rather than being approved through the drug approval process. Products in this category primarily restore the homeostasis of the intestinal microbiome through comprehensive microbiota reconstitution. In the United States, FMT is still regulated as a biological product. However, FMT faces practical constraints in standardized manufacturing and large-scale production due to its donor-derived and highly heterogeneous nature. In contrast, single-strain drugs are more amenable to controlled, scalable manufacturing and therefore are not subject to the same production-related limitations. Single-strain drugs focus more on regulating the host’s immune system, metabolic networks, or signaling pathways through specific bacterial components or metabolites. In comparison, single-strain drugs offer certain advantages in terms of the clarity of their MoA and the controllability of their functions, which helps enhance the predictability and consistency of their clinical outcomes and constitutes a core competitive advantage for the Company’s products.

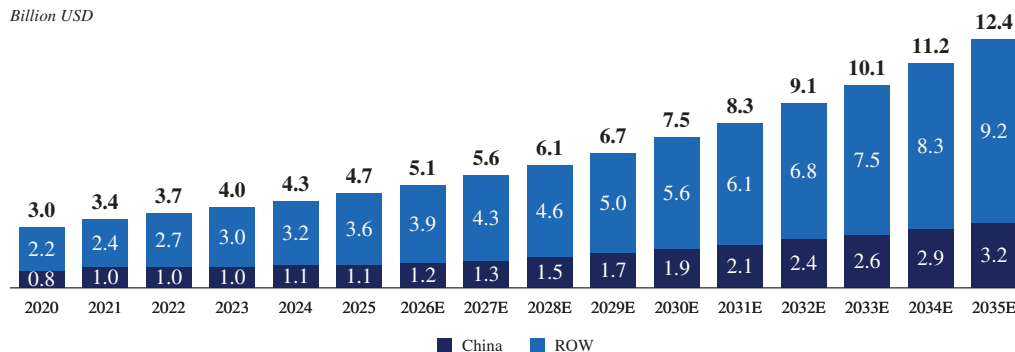
Global LBP’s Market Size and Forecast, 2020-2035E

The global LBP’s market increased from USD3.0 billion in 2020 to USD4.7 billion in 2025, representing a CAGR of 9.4% during the period. The market is expected to further grow to USD7.5 billion by 2030, at a CAGR of 9.8% from 2025 to 2030.

Global LBP’s Market Size and Forecast, 2020-2035E

CAGR	Global	China	ROW
2020-2025	9.4%	5.8%	10.6%
2025-2030E	9.8%	11.6%	9.2%
2030E-2035E	10.7%	11.2%	10.5%

Billion USD



Notes:

1. Measured at ex-manufacturer price level.
2. Due to differences in regulatory classification and audit coverage across jurisdictions, the market includes strictly approved LBP’s and low-risk listed/complementary medicines.

Source: Frost & Sullivan Analysis

Competitive Landscape of the Global and China Second-generation LBP’s Markets

As of the Latest Practicable Date, there are only four approved second-generation LBP’s globally, all of which are FMT-based therapies and no second-generation LBP’s have yet been approved in China. There are nine products under late-stage development globally. Among these, SK08 is the only second-generation LBP for the treatment of IBS. The following tables provide an overview of the competitive landscape of second-generation LBP’s, encompassing both marketed products and major late-stage clinical

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candidates: (i) the marketed second-generation LBP globally; (ii) the global late-stage (phase III and beyond) second-generation LBP pipelines (primarily under the regulatory authority of the FDA and NMPA, as of the Latest Practicable Date) and (iii) the second-generation LBP pipelines in clinical stages in China:

Marketed Second-generation LBPs Globally

Drug	Company	Type of LBP	Administration route	Approval Time	Indication	Approving Regulatory Authority
BIOMICTRA	BiomeBank	FMT	Rectal	2022/09/22	recurrent CDI	TGA*
REBYOTA	Ferring Pharmaceuticals	FMT	Rectal	2022/11/30	recurrent CDI	FDA
				2025/03/06	recurrent CDI	Health Canada
VOWST	Seres Therapeutics & Nestlé Health Science	FMT	Oral	2023/04/26	recurrent CDI	FDA
EUTEGRA	Mikrobiomik	FMT	Oral	2026/02/17	CDI	ONT; CEI-SoHO*

Note: This table was last updated on June 13, 2026

*TGA refers to Therapeutic Goods Administration which is the medicine and therapeutic regulatory agency of the Australian Government; ONT refers to National Transplant Organization which is a national technical body, under Spain’s Ministry of Health; CEI-SoHO refers to Innovation Evaluation Committee for Substances of Human Origin which was established by the Transplant Commission of the Interterritorial Council of the National Health System and coordinated by the ONT.

Source: FDA, TGA, Health Canada, ONT, Frost & Sullivan Analysis

Global Late-stage (Phase III and Beyond) Second-generation LBP Pipelines

Drug Code	Company	Type of LBP	Administration Route	Highest Phase of Trial	Indications	First Posted Date	Regulatory Authority
Live double combined lactobacillus	Guangdong Longchuangji Pharmaceutical	Multi-strain	Intravaginal	NDA	Bacterial vaginitis	2025/12/10	NMPA
Live lactobacillus for vagina-Lc262-1	Suzhou OSAI Biopharma	Single-strain	Intravaginal	NDA	Bacterial vaginitis	2025/11/01	NMPA
MaaT013	MaaT Pharma	FMT	Rectal	NDA	Acute Graft-versus-Host Disease	2025/06/02	EMA*
SK08	Guangzhou Zhiyi Biotechnology Co., Ltd.	Single-strain	Oral	Phase III	IBS	2023/11/24	NMPA
IBP-9414	Infant Bacterial Therapeutics	Single-strain	Oral	Phase III	Necrotizing Enterocolitis	2019/03/21	FDA
VE303	Vedanta Biosciences	Multi-strain	Oral	Phase III	CDI	2024/02/01	FDA
XLF-055	Zhejiang Xinlifei Biotech; Hangzhou H-power Xinjian	Multi-strain	Intravaginal	Phase III	Recurrence of bacterial vaginosis	2021/11/1	NMPA
KAL-001	Sichuan Anaerobic Biotech; Inner Mongolia Shuangqi Pharmaceutical	Multi-strain	Intravaginal	Phase III	Bacterial vaginitis	2026/03/01	NMPA
TARA-002	Protara Therapeutics	Single-strain	Intravesical	Phase III	Non-muscle Invasive Bladder Cancer	2026/03/18	Not Disclosed

Note: This table was last updated on June 13, 2026

* EMA refers to European Medicines Agency

Source: Clinical Trials, Frost & Sullivan Analysis

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Second-generation LBP Pipelines in Clinical Stages in China

Drug Code	Company	Type of LBP	Administration Route	Highest Phase of Trial	Indications	First Posted Date
Live double combined lactobacillus	Guangdong Longchuangji Pharmaceutical	Multi-strain	Intravaginal	NDA	Bacterial vaginitis	2025/12/10
Live lactobacillus for vagina-Lc262-1	Suzhou OSAI Biopharma	Single-strain	Intravaginal	NDA	Bacterial vaginitis	2025/11/01
SK08	Guangzhou Zhiyi Biotechnology Co., Ltd.	Single-strain	Oral	Phase III	IBS	2023/11/24
XLF-055	Zhejiang Xinlifei Biotech; Hangzhou H-power Xinjian	Multi-strain	Intravaginal	Phase III	Recurrence of bacterial vaginosis	2021/11/1
KAL-001	Sichuan Anaerobic Biotech; Inner Mongolia Shuangqi Pharmaceutical	Multi-strain	Intravaginal	Phase III	Bacterial vaginitis	2026/03/01
BPR-101	Chengdu Beite & Chengdu Xinke	–	Intravaginal	Phase II	Bacterial vaginosis	2024-09-20
WST01	Shanghai Pharmaceuticals & SPH Sine	Single-strain	Oral	Phase II	Obesity & Type 2 Diabetes	2021-03-15
KAL-002	Sichuan Anaerobic Biotech	Multi-strain	Oral	Phase I	Radiation enteritis & Diarrhea caused by chemotherapy	2025-08-18
MNC-168	Moon Biotech	Single-strain	Oral	Phase I	Colorectal cancer & Solid tumor	2022-05-20
WST03	SPH Sine	–	Oral	Phase I	Bacterial vaginosis	2025-01-22
WST04	SPH Sine	–	Oral	Phase I	Solid tumor	2024-11-11
LBP-ShC4	Fosun Pharmaceutical	Single-strain	Topical	IND	Androgenetic alopecia	2026-03-13
IBNI617	Ibiome Biology	Single-strain	Oral	IND	Depression	2025-12-19
GK-01	Zhejiang Mayata Bacterial Testing Intelligent Technology	–	Oral	IND	Allergic rhinitis	2026-03-04
MNO-863	Moon Biotech	Single-strain	Oral	IND	Obesity	2025-03-19
AUP-16	Aurealis Therapeutics; Shenzhen Xbiome	Engineered LBP	Topical	IND	Diabetic foot ulcer	2023-11-13

Note: This table was last updated on June 13, 2026

Source: NMPA, Frost & Sullivan Analysis

As of the Latest Practicable Date, a total of 16 second-generation LBP pipelines are in clinical development in China. Among them, SK08 is the most advanced orally administered candidate and is currently undergoing Phase III clinical trials for the treatment of irritable bowel syndrome (“**IBS**”).

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Industry Barriers, Growth Drivers and Future Trends of the LBP Market

Industry Barriers

R&D Barrier. The development of LBPs encompasses stages such as strain screening, mechanism-of-action research, and preclinical evaluation, placing high demands on strain safety, functional characterization, efficacy validation, and development capabilities. The screening of natural strains is highly exploratory, and it is challenging to identify candidate strains with well-defined functions and stable activity. Once the development phase begins, it is necessary to comprehensively assess the impact of production processes, formulation matrices, and storage conditions on strain activity and stability to ensure the product’s consistent efficacy. Therefore, safety evaluation, selection of non-clinical models, biodistribution studies, and CMC research also present significant technical challenges. Overall, since LBPs remain an emerging field with a relatively limited number of products, and development varies significantly across different bacterial species, the relevant evaluation systems are still undergoing continuous refinement.

Barriers to Industrialization and Commercialization. The industrialization of LBPs requires the completion of process development, large-scale fermentation, formulation stability control, and quality system establishment. Given the lengthy technological chain and the high demands on companies’ R&D translation and industrialization capabilities, the barriers to entry in this industry are relatively high. At the same time, their clinical application and commercialization also face certain challenges, including stringent storage and transportation requirements for certain live-organism formulations, which rely on cold-chain logistics, as well as the need for ongoing efforts to enhance physician awareness and medical education, given that LBPs remain an emerging therapeutic modality.

Clinical and Regulatory Pathway Barriers. Compared to traditional chemical drugs and biological products, LBPs, as an emerging form of therapy, are still in the process of refining their clinical evaluation systems and regulatory pathways. Their MoAs involve the gut microbiome and immune modulation, and their efficacy is easily influenced by individual microbiota, diet, and lifestyle, which increases the complexity of clinical trial design and efficacy evaluation. During the registration process, LBP must focus on CMC requirements specific to live microorganisms within the framework of biological products, such as control of microbial parameters, genetic stability, and control of exogenous factors, which impose higher standards on production and GMP systems. At the same time, as global regulatory frameworks are still being established, companies must comprehensively meet requirements across multiple areas, including strain safety, stability, biodistribution, and quality control.

Growth Drivers

Clinical Demand. Chronic diseases, represented by IBS, still lack effective curative therapies. Conventional treatments primarily focus on symptom management, such as antispasmodics can relax the smooth muscles of the gastrointestinal tract and reduce the colon’s response to food intake and stress, they are used to relieve abdominal pain. However, the persistent and unpredictable nature of these symptoms often imposes a heavy psychological and social burden, significantly compromising patients’ daily functioning and overall quality of life. These conventional therapies have limitations in terms of long-term management and addressing the underlying causes. LBP, as represented by SK08, can intervene in the disease process at the mechanistic level by regulating intestinal immune homeostasis. Ulcerative colitis (“UC”) is characterized by its chronic, relapsing nature, often requiring patients to undergo repeated induction and long-term maintenance therapies. Currently, a subset of patients continues to face challenges such as inadequate response, waning efficacy, or long-term safety concerns. LBPs mitigate inflammatory responses and promote the repair of the intestinal barrier, offering a promising new intervention pathway for patients with suboptimal responses or refractory conditions. In the management of CID, where conventional treatments focus on symptom control, LBPs are expected to function by repairing the intestinal barrier and modulating immune responses. For infectious diseases such as rotavirus infection, LBPs can also reduce viral load and alleviate diarrheal symptoms by strengthening the intestinal barrier

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and regulating antiviral immune responses. In the field of oncology, the overall response rate (“**ORR**”) of immune checkpoint inhibitors (“**ICIs**”) remains limited, particularly in “cold tumors.” Recent studies have demonstrated that LBPs show significant synergistic potential with immunotherapy in the preclinical stage.

Increased Acceptance among Doctors and Patients. In recent years, as LBPs have progressively undergone systematic R&D following the regulatory pathways for biological products, the industry has increasingly aligned with international standards in terms of clinical trial design, endpoint selection, and efficacy validation. The continuous accumulation of evidence-based medical data is driving the industry’s transition toward a standardized, evidence-driven phase of development. These advancements are instrumental in enhancing clinicians’ understanding of LBP mechanisms and therapeutic effects, thereby increasing their willingness to incorporate these products into clinical practice. Furthermore, standardized product modalities (such as single-strain preparations) and precise indications help strengthen patient awareness and alleviate concerns regarding their use. This clarity is expected to drive improvements in patient compliance and facilitate broader market acceptance of LBPs.

Driven by Technological Maturity. As the bidirectional regulatory mechanisms between gut microbiota and host immunity, metabolism, and systemic health are increasingly elucidated, the academic understanding of the “microbiota-host-disease” axis has continued to deepen. This progress has established a robust scientific foundation for the development of LBPs. In contrast to the human genome, the microbiome exhibits significantly greater plasticity, rendering it an ideal target for therapeutic intervention. Consequently, LBPs interact with host biological systems through multifaceted MoA, offering a systemic and precisely tunable therapeutic paradigm that is fundamentally distinct from conventional pharmaceuticals.

Regulatory and Policy Drivers. In recent years, several LBPs have successfully secured regulatory approvals globally. The regulatory framework governing LBPs continues to mature, with technical standards, quality control requirements, and clinical evaluation pathways becoming increasingly well-defined. This evolution is propelling the industry’s transition from an exploratory phase toward a stage of standardized development. The clarification of the regulatory landscape not only mitigates R&D uncertainties but also establishes a predictable trajectory for clinical development and commercialization. Consequently, these developments are expected to accelerate the clinical translation of LBPs and catalyze the overall growth of the industry.

Future Trends

Indications and Applications Continue to Expand. Currently, while approved LBPs focus on gastrointestinal diseases (CDI), deeper insights into the microbiome-host axis (immunity, metabolism, CNS) are transforming the microbiome into a systemic target, expanding pipelines into oncology, metabolic, and neurological disorders. For example, LBPs have already entered clinical evaluation in pancreatic cancer and demonstrated encouraging clinical outcomes. Simultaneously, enhanced safety and stability are driving next-generation LBPs beyond clinical prescriptions into the out-of-hospital management market, boosting overall penetration.

Evolution Toward Precision and Platform-based Approaches. Shifting from empirical FMT to precise interventions, the industry now leverages multi-omics and bioinformatics to deploy single-strain or defined multi-strain consortia for targeted mechanisms, improving reproducibility. Consequently, the competitive landscape has shifted from individual product R&D to integrated platform capabilities (screening, functional regulation, and delivery systems).

Improvements to Regulatory and Manufacturing Systems. In recent years, the establishment of standardized production systems, the continuous refinement of GMP standards, and the ongoing upgrades in cold-chain logistics and formulation technologies have significantly bolstered industrialization capabilities. These advancements have, in turn, fueled a rapid increase in the demand for specialized Contract Development and Manufacturing Organizations (CDMOs). Concurrently, regulatory agencies worldwide have progressively clarified the regulatory classification of LBPs as biological products, while

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continuously refining requirements for clinical development and CMC. Driven by the synergy between a maturing regulatory framework and an evolving industrial value chain, LBPs are accelerating their transition from the R&D phase toward full-scale commercialization.

IRRITABLE BOWEL SYNDROME DRUG MARKET

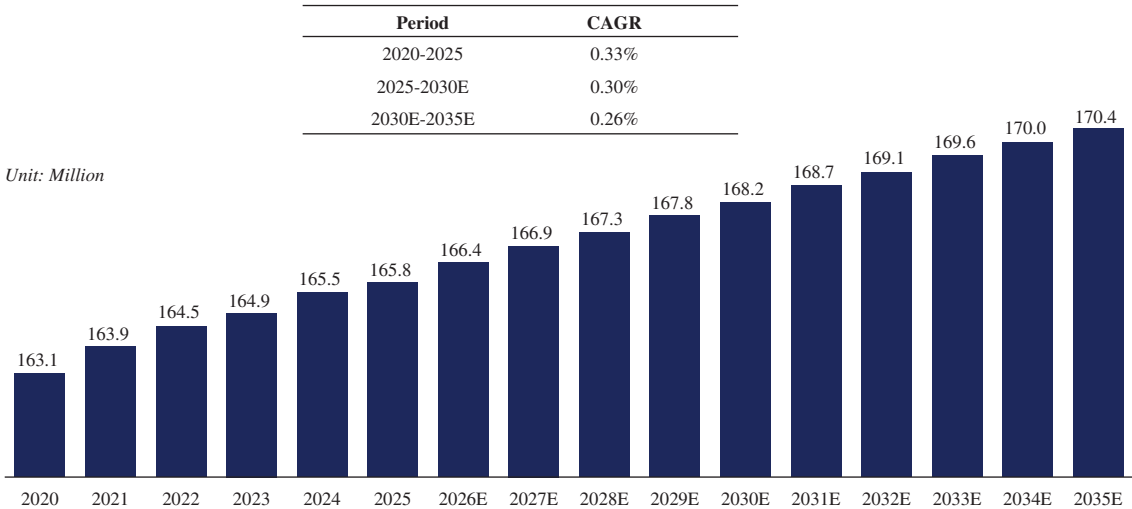
Overview of IBS

IBS is a chronic, relapsing FGID characterized by core symptoms including abdominal pain and bloating accompanied by changes in bowel habits. It is one of the most prevalent gastrointestinal diseases both globally and in China. Unlike organic GI diseases, IBS is primarily a symptom-based diagnosis guided by Rome IV criteria, and in line with current expert consensus, its diagnosis relies predominantly on clinical assessment of patient-reported symptoms. IBS is classified into four primary subtypes based on stool consistency: diarrhea-predominant (“**IBS-D**”), constipation-predominant (“**IBS-C**”), mixed-type (“**IBS-M**”), and unsubtyped (“**IBS-U**”). Among them, IBS-D accounts for approximately 70.0% of the patient population in China. Pathophysiologically, IBS is considered a “biopsychosocial” disorder where various factors, including visceral hypersensitivity, intestinal dysbiosis, altered gut permeability, and low-grade mucosal inflammation, interacting to trigger the gut-brain axis. Dietary habits, cultural customs, geographic distribution, and demographic characteristics are all important factors influencing the prevalence of this disease, resulting in regional variations in global prevalence.

Prevalence of IBS in China, 2020-2035E

According to Frost & Sullivan analysis, the prevalence rate of IBS in China was 11.8% in 2025, corresponding to approximately 165.8 million patients, with a diagnosis rate of around 25.0%. Driven by factors such as accelerating urbanization, the westernization of dietary patterns, a faster pace of life, and increasing psychological stress, the prevalence of IBS in China is expected to continue to rise moderately over the next decade. The number of IBS patients in China is projected to reach approximately 168.2 million by 2030 and further increase to 170.4 million by 2035. According to expert consensus, IBS-D is recognized as one of the predominant IBS subtypes in China, accounting for approximately 70.0% of the overall IBS patient population.

Prevalence of IBS in China, 2020–2035E



Source: Frost & Sullivan Analysis

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Current Treatment

As of the Latest Practicable Date, the diagnosis and treatment of IBS in China primarily follow the Chinese Expert Consensus on IBS and relevant clinical guidelines. The clinical pathway typically adopts a stepped treatment approach. Initial management focuses on lifestyle modifications and dietary interventions such as a low FODMAP diet. Regarding pharmacological treatment, current guideline-recommended treatment strategies are primarily aimed at symptomatic relief. For example, antispasmodics, such as pinaverium bromide, acting on specific ion channels in intestinal smooth muscle to alleviate spasms; antidiarrheal agents, such as loperamide and diosmectite (smectite), can effectively improve diarrhea symptoms in IBS-D patients; non-absorbable antibiotics, such as rifaximin, can improve overall symptoms in non-IBS-C patients, as well as alleviate bloating and diarrhea; and osmotic laxatives, such as polyethylene glycol, can increase bowel movement frequency and improve stool consistency in IBS-C patients. Furthermore, neuromodulators are recommended for use with caution only in patients with IBS who present with psychological or psychiatric symptoms (including depression, anxiety, and somatization), as well as in patients with refractory IBS who have not responded well to standard gastroenterological treatment. However, most existing medications primarily focus on alleviating end-point symptoms and have significant limitations regarding long-term safety (e.g., risk of antibiotic resistance) and sustained efficacy (e.g., high relapse rates after discontinuation). Clinical evidence suggests that approximately 40.0%-50.0% of patients experience symptom recurrence after stopping treatment. Clinicians are increasingly seeking innovative approaches that balance long-term safety with pathophysiological intervention.

In current clinical practice in China, combination therapy strategies are also commonly considered for patients with IBS-D. Such regimens may include either intestinal antibiotics or probiotics, in combination with antispasmodic agents for alleviating intestinal hypersensitivity (such as trimebutine or pinaverium bromide), anti-anxiety or neuromodulatory therapies (such as sulpiride, fluoxetine, or sertraline), as well as traditional Chinese medicines, depending on individual patient conditions and symptom profiles. The following table shows safety and efficacy analysis of IBS treatment.

Safety and Efficacy Analysis of IBS Treatment

Treatment	Mechanism	Efficacy	Safety
Antispasmodics	target gut muscle contractions to relieve abdominal pain and spasms	- Mebeverine, otilonium bromide, alverine citrate/simethicone, pinaverium bromide, phloroglucinol, drotaverine hydrochloride, and peppermint oil, have shown effectiveness in relieving IBS symptom - For example, in the Zheng et al. double-blind, placebo-controlled study: Symptom score analysis of Pinaverium vs Placebo/Control: 60% vs 34% (P < 0.001)	- Nausea and dizziness were the main adverse events. - For example, in the study by Zheng et al., commonly reported side effects included mild occurrences of nausea (3.7%), dizziness (3.2%), and elevated blood pressure (2.3%).
Antidiarrheals (For IBS-D)	Loperamide/Eluxadoline reduces the release of acetylcholine, promotes the intestinal absorption of water and electrolytes, and alleviates fecal incontinence.	In pooled randomized, double-blind, placebo-controlled studies (12 weeks): Composite response (abdominal pain and stool consistency) of Eluxadoline 75 mg / 100 mg vs Placebo: 26.2% / 27.0% vs 16.7% (p < 0.001 for both vs placebo)	- Most common adverse events with eluxadoline : constipation (8.0%), nausea (7.7%), and abdominal pain (6.5%) - Common side effects of Loperamide include constipation, abdominal cramping and nausea.
Osmotic Laxatives (For IBS-C)	By creating a hyperosmotic environment in the intestinal lumen, it promotes intestinal secretion, thereby softening stools and accelerating intestinal transit.	In a randomized clinical trial (week 4): PEG 3350+E vs Placebo—mean weekly number of SBMs (± s.d.): 4.40 ± 2.58 vs 3.11 ± 1.94 (95% CI: 1.17–1.95; P < 0.0001); additional endpoints (SCBMs, responder rates, stool consistency, and straining severity) also showed superior improvement with PEG 3350+E.	Most common treatment-emergent adverse events with PEG 3350+E: abdominal pain (4.5%) and diarrhoea (4.5%).
Secretagogues (For IBS-C)	By activating ion channels in intestinal epithelial cells, it enhances epithelial secretion, thereby softening stools and alleviating constipation symptoms.	- A meta-analysis including 8,462 patients with IBS-C treated with secretagogues (including guanylate cyclase-C agonists and selective chloride channel activators) demonstrated that these agents were significantly more effective than placebo in improving constipation symptoms. - Guanylate cyclase-C agonists (e.g., linaclotide) may also modulate visceral sensation in patients with IBS-C.	In the registration trial by Johanson et al., Reported adverse events such as nausea, vomiting, and diarrhea were common (incidence rate, 2-75%)
Non-absorbable antibiotics (For non IBS-C)	Improve intestinal dysbiosis, modulate intestinal inflammation, and enhance intestinal mucosal barrier function.	Multiple large-scale randomized controlled trials have demonstrated that short-term use of rifaximin can improve bloating and overall symptoms in non-IBS-C patients, and some studies have also shown that rifaximin is effective in alleviating abdominal pain and diarrhea.	A 2016 study reported one case of <i>clostridioides difficile</i> infection in a patient undergoing repeated rifaximin treatment, which warrants attention.

Source: Literature Review, Frost & Sullivan Analysis

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Clinical Needs

Although IBS is not life-threatening, it imposes a substantial multi-dimensional disease burden that remains inadequately addressed by existing treatment options, particularly among patients with severe or treatment-refractory disease. IBS patients may experience significantly impaired health-related quality of life, with impairment comparable to chronic conditions such as diabetes or end-stage renal disease, and severe treatment-refractory IBS patients reported an average of approximately 145.0 days of activity restriction per year and pain throughout most of each month. IBS is also associated with psychological comorbidities and meaningful disruption to daily life, social activities and work productivity, with approximately 76.0% of patients reporting interference with daily life, 87.0% reporting reduced productivity, nearly 14.0 hours of productivity loss per week and an approximately 21.0% reduction in effective work output. In addition, IBS results in meaningful economic burden, with total costs of managing IBS estimated at RMB123.8 billion, accounting for approximately 3.3% of total healthcare spending, and productivity losses representing over 25.0% of total costs, highlighting continuing clinical needs in the management of IBS.

Furthermore, clinical need is also evident in diagnostic precision and the management of underlying pathophysiology. Current medications lack sufficient efficacy in addressing visceral hypersensitivity and repairing the physical intestinal barrier, leaving a large number of patients in a state of “living with disease” while experiencing diminishing therapeutic benefits. Quality-of-life studies cited in the American College of Gastroenterology (ACG) guidelines indicate that IBS patients are willing to pay a high price, accept significant side-effect risks and even give up to 10-15 years of life expectancy for instant cure, to achieve effective symptom control. Although IBS is not highly fatal, it imposes a significant overall disease burden. Published literature further indicates that the impact of IBS on patients extends beyond a decline in quality of life to include increased psychological distress and ongoing losses in social productivity associated with disease management. Consequently, there is a real and clear market need for more effective treatment options. Given the high heterogeneity of IBS, there is a clear market demand for a transition toward mechanism-driven and precision-based therapies. As a novel therapeutic modality, LBP offers the potential to address the disease’s root causes by restoring microbiota homeostasis, modulating host immune responses, and promoting intestinal barrier repair. By moving away from a “one-size-fits-all” paradigm, LBPs enable a more targeted approach tailored to an individual’s specific dysbiosis profile. This innovative pathway provides a promising alternative for patients with suboptimal responses to conventional therapies, demonstrating its potential for market penetration.

Competitive Landscape of IBS Drugs Globally and in China

As of the Latest Practicable Date, a total of three approved products for IBS indications had been approved in China. Among them, *Saccharomyces boulardii* is categorized as a first-generation LBP, was approved by the NMPA in July 2004 for the treatment of IBS. As of the Latest Practicable Date, no drugs have been approved in China specifically for the treatment of IBS-D. The following table provides an overview of the approved products for IBS in China:

Approved Products for IBS in China

Drug	Company	Type	Route of Administration	IBS Subtype	Approved Time
Linacotide	AstraZeneca	Peptide Drugs	Oral	IBS-C	2019/01/15
<i>Saccharomyces boulardii</i>	Laboratoires Biocodex	First-generation LBP	Oral	IBS	2004/07/27
Tegaserod*	Novartis	Chemical Drug	Oral	IBS-C	2003/04/01

Note: This table was last updated on June 13, 2026

*Tegaserod was historically approved in China for the treatment of IBS-C. However, in June 2007, the NMPA ordered the suspension of its production, sale and clinical use in the Chinese market.

Source: NMPA, Frost & Sullivan analysis

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As of the Latest Practicable Date, there are seven active clinical-stage pipelines for IBS in China, of which two have advanced to Phase III clinical trials. SK08 is one of the two Phase III candidates and the only biologic therapy that has reached this stage. The following table provides an overview of the competitive landscape of clinical-stage IBS pipelines in China:

Clinical-Stage IBS Pipelines in China

Drug Code	Company	Type of Drug	Route of Administration	Highest Phase of Trial	IBS Subtype	First Posted Date
SK08	Guangzhou Zhiyi Biotechnology Co., Ltd.	LBP	Oral	Phase III	IBS-D	2023/11/24
Changkang	Tasly Pharmaceutical	TCM	Oral	Phase III	IBS-D	2024/11/27
Brenipatide	Eli Lilly	Peptide	Subcutaneous	Phase II	IBS-D	2026/04/22
Rifaquizinone capsules	TenNor Therapeutics	Chemical drug	Oral	Phase I	IBS-D	2025/09/13
SMP-100	Chengdu Xilingyuan Pharmaceutical	Chemical drug	Oral	Phase I	IBS	2022/05/23
Tenapanor	Fosun Pharmaceutical	Chemical drug	Oral	Phase I	IBS-C	2020/09/09
AP-2202	Hangzhou Anprime Biopharma	Chemical drug	Oral	IND	IBS-D	2026/01/19

Note: This table was last updated on June 13, 2026

Source: NMPA, Frost & Sullivan Analysis

As of the Latest Practicable Date, there were 18 clinical-stage pipelines globally for the treatment of IBS-D, among which two investigational drug candidates had advanced to Phase III clinical development or later stages. SK08 is one of these two Phase III clinical-stage candidates and is also the only biologic therapy to have advanced to this stage globally. The following table shows the overview of global late-stage (phase III and beyond) IBS-D pipelines:

Global Late-Stage (Phase III and Beyond) IBS-D Pipelines

Drug Code	Company	Type of Drug	Route of Administration	Highest Phase of Trial	First Posted Date	Regulatory Authority
SK08	Guangzhou Zhiyi Biotechnology Co., Ltd.	LBP	Oral	Phase III	2023/11/24	NMPA
Changkang	Tasly Pharmaceutical	TCM	Oral	Phase III	2024/11/27	NMPA

Note: This table was last updated on June 13, 2026

Source: NMPA, Frost & Sullivan Analysis

Market Size of IBS Drugs in China, 2020-2035E

The China IBS drug market increased from RMB5.2 billion in 2020 to RMB5.8 billion in 2025, representing a CAGR of 2.2% from 2020 to 2025. Driven by the emergence and increasing availability of innovative therapeutic approaches, rising disease awareness among IBS patients in China, and growing demand for symptom management and long-term disease control, the market is expected to further expand to RMB10.6 billion by 2035, representing a CAGR of 7.8% from 2030 to 2035.

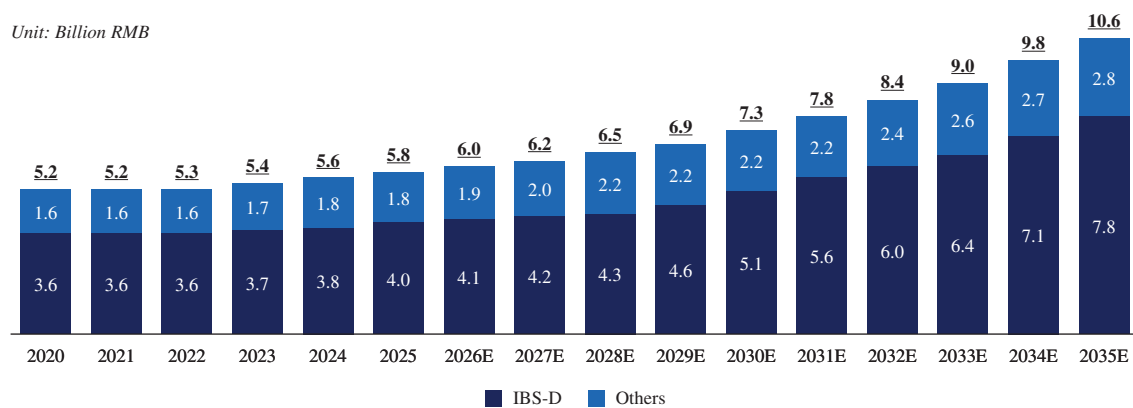
INDUSTRY OVERVIEW

The China IBS-D drug market increased from RMB3.6 billion in 2020 to RMB4.0 billion in 2025, representing a CAGR of 2.3% from 2020 to 2025, and is expected to reach RMB5.1 billion by 2030. Given the large patient population, the introduction of novel precision therapies may support further market development. The limited number of advanced-stage pipeline candidates addressing IBS-D also suggests that there remains room for new treatment options. From 2030 to 2035, the market is expected to further expand to RMB7.8 billion, representing a CAGR of 8.9%, as a subtype of IBS, its CAGR is higher than IBS. This is primarily driven by innovative therapy adoption, improved diagnosis, rising long-term management needs, and greater physician recognition of IBS-D.

China IBS Drug Market Size, 2020-2035E

	Total	IBS-D	Others
2020-2025	2.2%	2.3%	2.0%
2025-2030E	4.8%	5.0%	4.3%
2030E-2035E	7.8%	8.9%	4.9%

Unit: Billion RMB



Note: China IBS-D drug market includes both prescription and over-the-counter (OTC) drugs.

Source: Frost & Sullivan analysis

PEDIATRIC ROTAVIRUS DIARRHEA DRUG MARKET

Overview of Pediatric Rotavirus Diarrhea

Pediatric rotavirus diarrhea is a global public health challenge that seriously threatens the health of children under the age of five. Pediatric rotavirus diarrhea typically presents with an acute onset of nausea, vomiting, and diarrhea, often accompanied by fever. Severe cases can lead to dehydration, electrolyte disturbances, acid-base imbalances, multi-system complications, and even death. The primary triggers of pediatric rotavirus diarrhea include the ingestion of rotavirus particles via the fecal-oral route, often through contaminated hands, toys, or water. Its rapid spread is further driven by the virus’s high environmental stability and the extremely low infectious dose required to cause severe illness in children. In particular, infants and young children have immature immune systems and limited capacity for fluid regulation, as a result, they are more prone to complications such as dehydration and electrolyte imbalance following infection, leading to a relatively high disease burden. Rotavirus is a major cause of hospitalization and severe cases of acute gastroenteritis in children under 5, and it is a major cause of death from diarrhea in infants and young children.

Incidence of Pediatric Rotavirus Diarrhea in China, 2020-2035E

According to Frost & Sullivan, the incidence of pediatric rotavirus diarrhea in China declined gradually from 20.3 million cases in 2020 to 19.0 million cases in 2025, and is projected to increase further to 21.2 million cases by 2035. Following the gradual implementation of the universal two-child policy

INDUSTRY OVERVIEW

since 2016 and subsequent fertility support measures, China’s birth population structure is expected to improve to some extent. Against the backdrop of supportive demographic policies and population structure adjustments, the population of children aged 0–5 years is expected to remain relatively stable and gradually increase over the forecast period. In addition, continued improvements in pediatric healthcare capacity at primary healthcare institutions, the broader adoption of molecular diagnostic technologies, increased coverage of etiological testing for viral diarrhea, and enhanced healthcare-seeking awareness among parents are expected to facilitate the identification and diagnosis of pediatric rotavirus diarrhea cases.

According to Frost & Sullivan, pediatric rotavirus diarrhea accounts for approximately 30.0% of diarrhea cases among children under five years of age in China, indicating a disease burden in this population. The healthcare-seeking rate for pediatric rotavirus diarrhea was 61.8% in 2025 and is projected to increase to approximately 75.0% by 2035. This growth is expected to be driven by rising public awareness of pediatric infectious diseases, improving access to healthcare services, and continued enhancements in diagnostic and disease surveillance capabilities, resulting in a greater proportion of patients being identified and treated.

Current Treatment

According to the Expert Consensus on Immunoprophylaxis of Childhood Rotavirus Gastroenteritis (2024), pediatric rotavirus diarrhea in China remains a major threat to children’s health. Clinical diagnosis relies on characteristic watery or “scrambled-egg-like” stools, confirmed by stool antigen or nucleic acid tests. In terms of treatment, the core strategy focuses on rehydration therapy and symptomatic supportive care to prevent and correct dehydration. Among these, oral rehydration therapy (ORS III) for mild-to-moderate dehydration, and intravenous fluids for severe cases. To further shorten the duration of illness and alleviate symptoms, the clinical pathway also incorporates various adjunctive therapies including smectite powder, zinc, and probiotics. Combined with dietary management and vaccination, these form a comprehensive prevention and care system.

However, despite clear clinical pathways, the treatment of pediatric rotavirus diarrhea still faces significant challenges. Currently, no specific antiviral drugs targeting rotavirus have been approved, and virus clearance remains largely dependent on the patient’s own immune system. The only approved pharmacological interventions remain preventive vaccines rather than therapeutic agents. Although rotavirus vaccines have demonstrated favorable safety profiles in pediatric populations, certain adverse events may occur following vaccination. Common adverse reactions include irritability, diarrhea, and vomiting. In addition, an increased risk of intussusception has been reported, primarily within the first week after administration of the first or second vaccine dose. The development of pediatric antiviral drugs faces extremely high barriers to entry, requiring not only excellent medication adherence but also passing extremely rigorous safety evaluations and ethical reviews. Constrained by difficulties in recruiting pediatric patients and lengthy follow-up periods, the field of pediatric antiviral drugs has long been characterized by extended development cycles and a scarcity of effective treatments. Clinically, there is an urgent need for innovative drugs that balance safety with targeted, etiology-based interventions.

Clinical Needs

Prevention Gap. While rotavirus is a major cause of under-five pediatric diarrhea in China, the coverage of rotavirus vaccine remains low. A key challenge is the out-of-pocket payment requirement associated with the vaccine’s non-National Immunization Program (non-NIP) status, which has contributed to regional immunization disparities and limited population-level disease control. In addition, limited public awareness and the need to complete a multi-dose vaccination schedule within a defined immunization window, have resulted in low completion rates among eligible children. According to the Expert Consensus on Immunoprophylaxis of Pediatric Rotavirus Gastroenteritis, a cross-sectional survey conducted across ten provinces in China in 2019 reported that the coverage rate for the first dose of rotavirus vaccine was 20.3%, while the coverage rate for the third dose was only 1.8%.

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Lack of Specific Antiviral Therapies. Current management relies solely on supportive care and rehydration, lacking specific antiviral therapies. This therapeutic gap prolongs viral shedding and disease duration, increasing risks for vulnerable children. Furthermore, pediatric rotavirus diarrhea causes gut dysbiosis (reducing microbial diversity and driving inflammation), an underlying pathology that conventional treatments fail to address.

R&D Barriers & The LBP Solution. Developing pediatric medicines faces high hurdles due to stringent safety standards, palatability requirements, and difficult clinical recruitment. In this context, LBPs represent a promising therapeutic avenue. By utilizing multi-targeted mechanisms, such as competitively blocking viral entry, inducing host production of antiviral interferons and restoring microbiota homeostasis, LBPs are expected to fill the current void in specific treatments. Such an intervention could significantly shorten the viral shedding period and disease course, ultimately reducing both the family caregiving burden and overall healthcare expenditures.

Competitive Landscape of Pediatric Rotavirus Diarrhea Globally and in China

As of the Latest Practicable Date, a total of four products had been approved in China for pediatric rotavirus diarrhea, all of which are prophylactic vaccines. The following table shows marketed products of pediatric rotavirus diarrhea in China:

Marketed Products of Prophylactic Vaccine for Pediatric Rotavirus Diarrhea in China

Drug	Company	Drug Type	Route of Administration	Approval Time	Full Schedule Doses	Estimated Full Vaccination Cost per Child* (RMB)
Hexavalent rotavirus live attenuated vaccine	Wuhan Institute of Biological Products Co. Ltd	Prophylactic Vaccines	Oral	2025/08/19	3	~960
Trivalent Reassortant Rotavirus Live Attenuated Vaccine	Lanzhou Institute of Biological Products Co. Ltd	Prophylactic Vaccines	Oral	2023/04/17	3	~750
Pentavalent rotavirus live attenuated vaccine	MSD	Prophylactic Vaccines	Oral	2018/04/12	3	900~980
Rotavirus Live attenuated vaccine	Lanzhou Institute of Biological Products Co. Ltd	Prophylactic Vaccines	Oral	2001/01/01	3	510~650

Note: This table was last updated on June 13, 2026

**Prophylactic Vaccine for Pediatric Rotavirus Diarrhea in China are non-NIP vaccines. Actual retail prices may vary by province and municipality due to differences in procurement prices and administration fees. The estimates above are based on publicly available local procurement and listed prices, including administration fees.*

Source: NMPA, Frost & Sullivan Analysis

As of the Latest Practicable Date, there are eleven drug candidates for pediatric rotavirus diarrhea in the global clinical-stage pipeline, among which nine are in China. With the exception of HY1002 and SK08, all other candidates are vaccines. SK08 is the only LBP currently under development. The following tables provide an overview of the competitive landscape of non-vaccine clinical pipelines in pediatric rotavirus diarrhea treatment:

Global and China Non-Vaccine Clinical Pipelines in Pediatric Rotavirus Diarrhea Treatment

Drug Code	Company	Type of Drug	Route of Administration	Highest Phase of Trial	First Posted Date	Regulatory Authority
SK08	Guangzhou Zhiyi Biotechnology Co., Ltd.	LBP	Oral	Phase II clinical trial approved*	2024/09/18	NMPA
Recombinant Human Lactoferrin Lysozyme (HY1002)	Wuhan Healthgen Biotechnology Corp.	Enzyme	Oral	Phase III	2021/09/30	NMPA

Note: This table was last updated on June 13, 2026

**SK08 received an IND approval from the NMPA for the initiation of a Phase II clinical trial.*

Source: Clinical Trials, NMPA, Frost & Sullivan analysis

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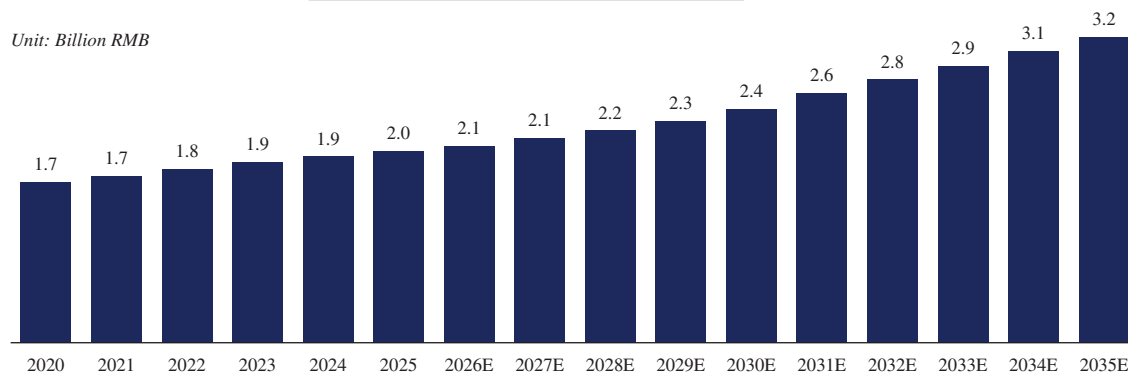
Market Size of Pediatric Rotavirus Diarrhea Drug in China, 2020-2035E

From 2020 to 2025, the market of pediatric rotavirus diarrhea in China has grown from RMB1.7 billion to RMB2.0 billion, with a CAGR of 3.6%. It is estimated to achieve RMB3.2 billion in 2035, with a CAGR of 5.5% from 2030 to 2035.

Pediatric Rotavirus Diarrhea Drug Market Size in China, 2020-2035E

Period	CAGR
2020-2025	3.6%
2025-2030E	4.0%
2030E-2035E	5.5%

Unit: Billion RMB



Source: Frost & Sullivan analysis

ULCERATIVE COLITIS DRUG MARKET

Overview of UC

UC is a chronic, non-specific IBD of which the exact etiology remains partially understood, primarily involves the mucosal and submucosal layers of the rectum and colon. Clinical manifestations include recurrent episodes of diarrhea, abdominal pain, and the passage of mucus and blood in the stool. UC is characterized by its protracted course, high relapse rates and difficulty in curing. Persistent chronic inflammatory stimulation not only leads to intestinal mucosal ulceration and fibrosis but also significantly elevates the long-term risk of colorectal cancer (“CRC”). Research of JAMA indicates that for UC patients with a disease duration exceeding 20 years, the risk for CRC is approximately 1.7 times higher than that of the general population. Consequently, UC is classified by the World Health Organization as a modern refractory disease and is regarded as a highly challenging chronic condition within the field of gastroenterology. While UC is more common in Western countries, the incidence and prevalence of UC have been steadily rising in China.

Prevalence of UC Globally and in China

The global number of patients with UC increased from 4,096.6 thousand in 2020 to 5,251.5 thousand in 2025, with a CAGR of 5.1%. The number is expected to grow to 6,163.3 thousand in 2030 and 6,875.8 thousand in 2035, with a CAGR of 3.3% between 2025 and 2030 and 2.2% between 2030 and 2035.

The number of patients with UC in China increased from 432.8 thousand in 2020 to 628.1 thousand in 2025, with a CAGR of 7.7%. The number is expected to grow to 892.7 thousand in 2030, with a CAGR of 7.3% between 2025 and 2030.

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Current Treatment

Current treatment for UC is generally guided by disease severity and treatment phase. The therapeutic objectives are to induce clinical remission during the active phase, normalize serum or fecal inflammatory markers and achieve endoscopic mucosal healing where possible. During remission, long-term maintenance therapy is typically required to sustain steroid-free remission, maintain inflammatory marker control and mucosal healing, and reduce the risk of relapse and complications.

For patients with mild to moderate active UC, mesalazine remains the mainstay therapy for both induction and maintenance. Oral mesalazine is commonly used as first-line therapy for mildly active UC, while rectal mesalazine may be used for proctitis-type UC. If patients with mild-to-moderate or moderate active UC do not respond adequately to mesalazine, treatment may be escalated to systemic oral corticosteroids or biologic therapy for induction of remission.

For severe active UC, oral or intravenous corticosteroids are recommended for induction of remission, but corticosteroids are not recommended for maintenance therapy. In patients with moderate-to-severe UC who are corticosteroid-dependent or have inadequate response or intolerance to conventional therapies, thiopurine immunosuppressants, biologics such as infliximab (IFX) or vedolizumab (VDZ), and small-molecule drugs including JAK inhibitors may be considered. For moderate-to-severe active UC and acute severe ulcerative colitis (“ASUC”), continued maintenance therapy with biologics or small-molecule drugs is generally recommended. The following table shows the safety and efficacy analysis of UC treatment:

Safety and Efficacy Analysis of UC Treatment

Treatment	Efficacy	Safety
5-Aminosalicylic acid (5-ASA): Mesalazine	6-8 weeks: clinical response 60-70%, remission 40-70%, mucosal healing 30-80% - Maintenance: relapse rate 42.4% (642 patients) (vs placebo 65% (454 patients)) 4.8g/day vs 2.4g/day: faster symptom resolution (19 vs. 29 days), higher mucosal healing at week 6 (80% vs. 68%) - Ceiling effect: 58.7% fail induction remission	- Inadequate for moderate-to-severe active UC - Long-term monitoring of renal and liver function required
Glucocorticoids: Budesonide MMX	9mg x 8 weeks: combined clinical + endoscopic remission 17.7% vs 6.2% (P=0.0002); symptom relief 26.3% vs 14.3% (P2, P=0.0015); histological healing 9.9% vs 6.7% (P=0.2625); mucosal healing 27.6% vs 17.1% (P=0.0092); 6mg: remission rate 10.9%, no statistical significance	- Adverse events: 6.3% (9mg), 9.5% (6mg), 12.4% (placebo) - serious AE and glucocorticoid-related AE similar across groups, facial hirsutism, constipation and tenesmus, hypertensive crisis, iatrogenic Cushing's syndrome, headache, acne and insomnia
Biologics: Vedolizumab	12-month (321 UC patients): clinical remission 51%, endoscopic remission 41%; Corresponding rates for corticosteroid-free remission 37%; deep remission only 30% conservative NRI: >80% failed deep remission at 12 months	5.6% (6/106) anti-drug antibodies (ADA) - Mild-to-moderate AEs: nasopharyngitis, upper respiratory infections, headaches, mild injection site reactions
Biologics: Infliximab	- ACT1 (364 patients) Week 8: clinical remission: 69.4% (5mg/kg)/61.5% (10mg/kg) vs. 37.3% (Placebo), clinical response: 38.8% (5mg/kg)/32% (10mg/kg) vs. 14.9% (Placebo), Mucosal Healing: 62% (5mg/kg)/59% (10mg/kg) vs. 33.9% (Placebo) - ACT2 (364 patients) Week 8: clinical remission: 64.5% (5mg/kg)/69.2% (10mg/kg) vs. 29.3% (Placebo), clinical response: 27.5% (5mg/kg)/33.9% (10mg/kg) vs. 5.7% (Placebo), Mucosal Healing: 60.3% (5mg/kg)/61.7% (10mg/kg) vs. 30.9% (Placebo)	- Common respiratory and urinary tract infections; serious infections included pneumonia and sepsis, 7 opportunistic infections (2 fatal fungal cases), 14 tuberculosis cases (4 fatal), a higher rate at 10 mg/kg in RA patients - In the pediatric UC trial (60 children), ALT elevation occurred in 17% (10/60) within 3 times the upper limit of normal, 7% (4/60) at ≥3 times, and 2% (1/60) at ≥5 times the upper limit of normal.
Biologics: Adalimumab (anti-TNF)	- Week 8: (518 UC patients) clinical remission 17% vs 9% (P=.019), clinical response 50% vs 35% (P<.001), mucosal healing 41% vs 32% (P=.032) - Week 52: (518 UC patients) clinical remission 17% vs 9% (P=.004), clinical response 30% vs 18% (P=.002), mucosal healing 25% vs 15% (P=.009)	- Serious AE 12% (both groups); injection site reactions 12% vs 4% (P<0.001); hematologic adverse event (2% vs 0%; P=.003) - No deaths, demyelinating diseases, or lymphomas reported
JAK inhibitors: Upadacitinib and Tofacitinib (Xeljanz)	- A meta-analysis including six studies and 903 patients demonstrated that upadacitinib was associated with significantly higher clinical remission rates at 8–14 weeks compared with tofacitinib (OR 1.77; 95% CI: 1.18–2.66; I² = 32%). - The pooled OR of SFCR at weeks 8–14 was 1.98 (95% CI: 1.32–3.97; I² = 30%) when comparing upadacitinib to tofacitinib - A meta-analysis including eight studies and 823 patients showed that patients taking upadacitinib had significantly lower odds of drug discontinuation compared with those taking tofacitinib (OR 0.51; 95% CI: 0.34–0.77; I² = 22%).	- Higher incidence of serious cardiac events and cancers (5mg twice daily dosage and 10mg twice daily dosage) - serious heart-related events such as heart attack or stroke, cancer, blood clots, and death with the arthritis and ulcerative colitis

Source: Literature Review, Frost & Sullivan Analysis

Clinical Needs

Diagnostic and Assessment Gaps. Despite recent advancements in therapeutics, clinical needs remain in the management of UC, ranging from diagnostic precision to long-term disease control. Currently, UC lacks a definitive “gold standard” diagnostic tool, relying on exclusionary diagnosis that struggles to differentiate atypical cases from Crohn’s disease or infectious enteritis. Furthermore, existing scoring tools (Mayo, UCEIS) remain subjective, and there is a critical shortage of non-invasive markers for accurate prognosis and early risk stratification.

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Therapeutic Plateaus and Safety Risks. In terms of drug treatment, the efficacy of conventional therapies has reached a plateau. For mild-to-moderate UC, 5-ASA efficacy has peaked, with a lack of alternative adjuncts. For moderate-to-severe cases, biologics and small molecule drugs face primary non-response, secondary loss of response, and anti-drug antibodies. Crucially, current therapies over-suppress the immune system, risking serious infections and lymphoma while ignoring gut dysbiosis, leading to poor mucosal healing. For ASUC, options remain limited by corticosteroid resistance or dependence, with no ideal rapid tapering regimens available.

Long-Term Management and The LBP Solution. Long-term care is hindered by poor compliance, missed flat-type dysplasia in CRC screening, unmanaged extraintestinal or psychological complications, and “one-size-fits-all” dosing. High costs further limit innovative drug access at grassroots levels. To break this impasse, LBPs offer a profound market opportunity: they achieve disease remission by reconstructing microbiota diversity and promoting intestinal barrier repair, completely avoiding the risks of systemic immunosuppression.

Competitive Landscape of UC Treatment Globally and in China

As of the Latest Practicable Date, among LBPs for UC treatment in the clinical stage globally, SK08 is the only pipeline in China currently under clinical development. Meanwhile, it is also the only one among the seven global LBP pipelines for this indication that is led by a Chinese company. The following tables provide an overview of the competitive landscape of under development products for UC, encompassing both global and China:

Global Clinical Pipelines of LBPs in UC Treatment

Drug Code	Company	Type of LBP	Route of Administration	Highest Phase of Trial	First Posted Date	Regulatory Authority
ADS024	Adiso Therapeutics	Single-strain	Oral	Phase II	2022/03/10	FDA
MH002	MRM Health	Multi-strain	Oral	Phase II	2025/12/22	FDA
MGT-006	Metagen Therapeutics	FMT	Oral	Phase I/II	2026/05/26	PMDA ²
SK08	Guangzhou Zhiyi Biotechnology Co., Ltd.	Single-strain	Oral	Phase II clinical trial approved ¹	2025/01/18	FDA
					2020/03/24	NMPA
LIV001	Liveome	Multi-strain	Oral	Phase I	2024/11/18	EMA ²
MB310	Microbiotica	Multi-strain	Oral	Phase I	2024/08/13	EMA ² , MHRA ²
R-3750	Rise Therapeutics	Engineered	Oral	Phase I	2022/12/28	FDA

Note: This table was last updated on June 13, 2026

- SK08 received the approvals from the NMPA & FDA for the initiation of a Phase II clinical trial.
- PMDA refers to Pharmaceuticals and Medical Devices Agency of Japan; EMA refers to European Medicines Agency of the European Union; MHRA refers to Medicines and Healthcare products Regulatory Agency of the United Kingdom.

Source: Clinical Trials, NMPA, Frost & Sullivan analysis

China Clinical Pipelines of LBPs in UC Treatment

Drug Code	Company	Type of LBP	Route of Administration	Highest Phase of Trial	First Posted Date
SK08	Guangzhou Zhiyi Biotechnology Co., Ltd.	Single-strain	Oral	Phase II clinical trial approved*	2020/03/24

Note: This table was last updated on June 13, 2026

*SK08 received an IND approval from the NMPA for the initiation of a Phase II clinical trial.

Source: Clinical Trials, NMPA, Frost & Sullivan Analysis

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Market Size of UC Globally and in China, 2020-2035E

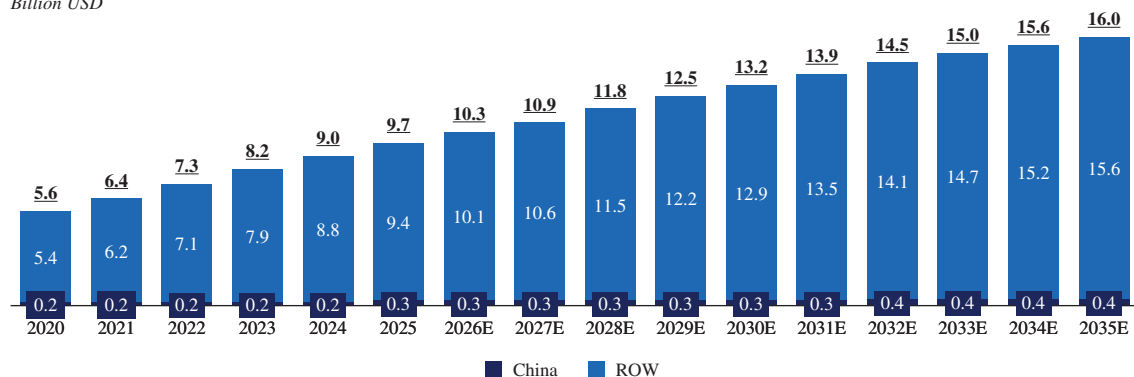
From 2020 to 2025, the Global UC market has grown from USD5.6 billion to USD9.7 billion, representing a CAGR of 11.7%, primarily driven by the rapid launch and increasing adoption of biologic therapies, supported by the continued launch of biologic therapies, including guselkumab, risankizumab, and mirikizumab. It is estimated to achieve USD16.0 billion in 2035, with a CAGR of 3.9% from 2030 to 2035.

From 2020 to 2025, with the introduction of innovative therapies, particularly biologics, the China UC market has grown from USD0.2 billion to USD0.3 billion, representing a CAGR of 10.6%. It is estimated to achieve USD0.4 billion in 2035, with a CAGR of 3.6% from 2030 to 2035.

Market Size of UC Globally and in China, 2020-2035E

Period	CAGR		
	China	ROW	Global
2020-2025	10.6%	11.7%	11.7%
2025-2030E	5.2%	6.4%	6.4%
2030E-2035E	3.6%	3.9%	3.9%

Billion USD



Source: Frost & Sullivan analysis

ADVANCED SOLID TUMORS (IN COMBINATION WITH ANTI-PD-1/L1 MONOCLONAL ANTIBODIES) DRUG MARKET

Overview of Advanced Solid Tumor

Advanced solid tumors generally refer to solid tumors that have already invaded surrounding tissues or metastasized to distant sites, including but not limited to lung cancer, CRC, breast cancer, gastric cancer, and liver cancer. At this stage, the treatment goals for patients have shifted from curative intent to tumor burden control, improvement in quality of life, and prolongation of survival.

The clinical management of advanced solid tumors currently relies on chemotherapy, radiotherapy, targeted therapy, and the revolutionary development of immunotherapy (represented by PD-1/PD-L1 inhibitors). Although ICIs have significantly prolonged survival for some patients, their clinical application still faces formidable challenges including patient response rates are limited, drug resistance is a concern, and there is significant individual variability in treatment efficacy. The clinical benefit of PD-1/PD-L1 inhibitors is limited to a specific patient population, and there is heterogeneity in treatment efficacy. Current studies indicate that the objective response rate in the overall population of advanced cancer patients is only about 20.0%. Specifically, the objective response rate for anti-PD-1 therapy in relapsed/refractory classical Hodgkin lymphoma is approximately 60.0%-70.0%, whereas the response rate for monotherapy in head and neck cancer, advanced non-small cell lung cancer, and urothelial carcinoma is typically only about 13.0%-21.0%. Furthermore, responses may vary across different lesions in the same patient, and treatment is often accompanied by primary and secondary resistance. Therefore, combination therapy with PD-1/PD-L1 inhibitors has become one of the key strategies for optimizing clinical efficacy. Recent pioneering research has established that the gut microbiota acts as a critical

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“switch” in modulating host anti-tumor immune responses. Consequently, LBPs demonstrate immense potential in remodeling the tumor immune microenvironment (TIME). The combination of LBPs and ICIs is expected to convert “cold tumors” into “hot tumors,” thereby significantly enhancing the response rates of immunotherapy and overcoming resistance. This synergistic therapy not only provides a novel intervention pathway for patients with advanced solid tumors but also unlocks vast opportunities for the LBP industry within the multi-billion dollar oncology drug market.

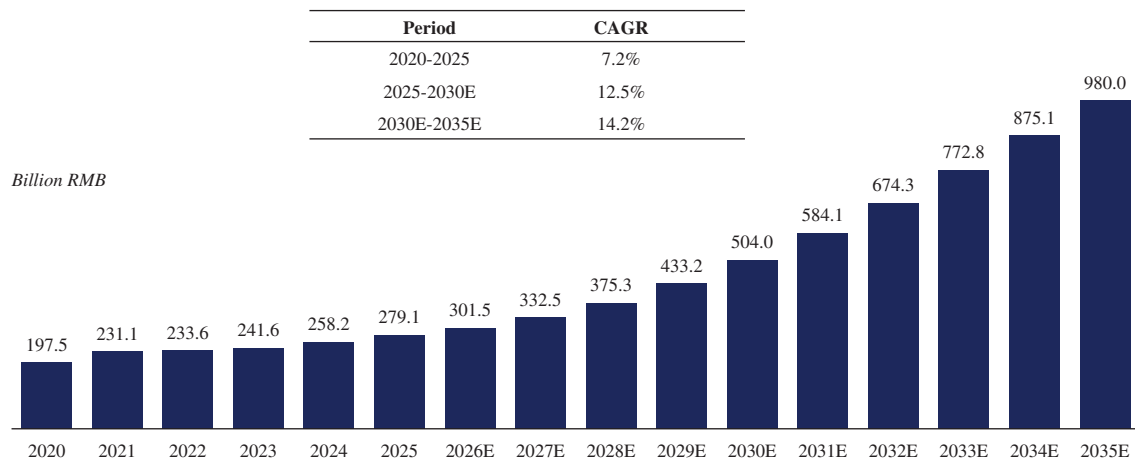
Incidence of Solid Tumor in China

The incidence of solid tumor in China increased from 4,429.0 thousand cases in 2020 to 4,916.0 thousand cases in 2025, with a CAGR of 2.2%. The number is expected to grow to 5,487.0 thousand in 2030, reflecting a CAGR of 2.1% between 2025 and 2030.

China Anti-tumor Drug Market Size and Forecast, 2020-2035E

From 2020 to 2025, the Chinese anti-tumor drug market has grown from RMB197.5 billion to RMB279.1 billion, with a CAGR of 7.2%. It is estimated to achieve RMB504.0 billion in 2030, with a CAGR of 12.5% from 2025 to 2030.

China Anti-tumor Drug Market Size and Forecast, 2020-2035E



Source: Frost & Sullivan Analysis

CHEMOTHERAPY-INDUCED DIARRHEA DRUG MARKET

Overview of CID

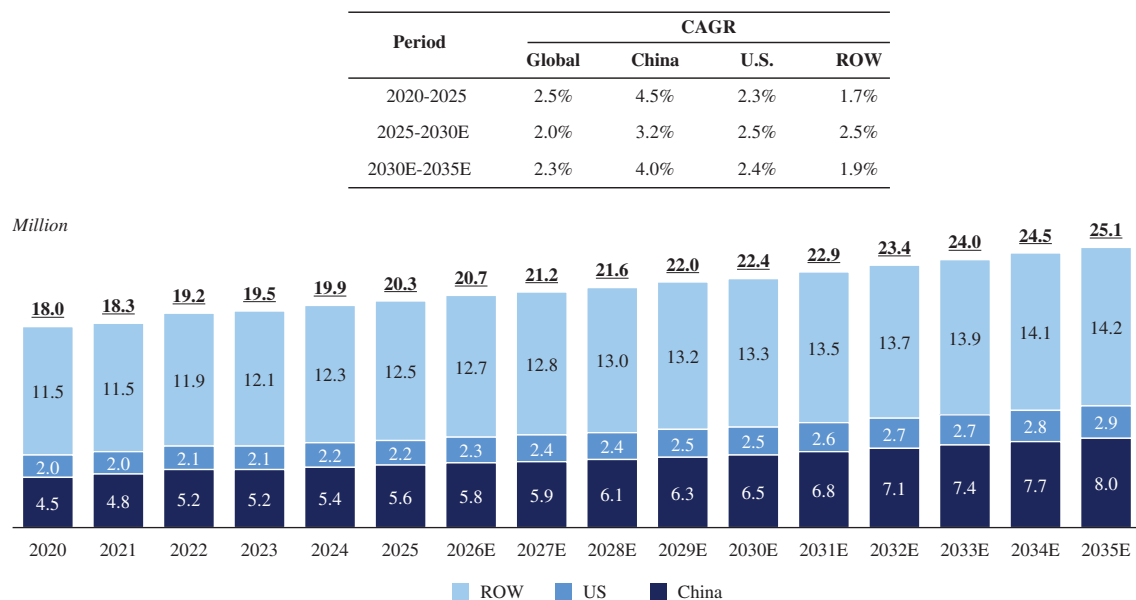
Chemotherapy, as a vital tool in cancer treatment, plays a critical role in the field of oncology. However, CID is a troublesome adverse reaction that can lead to reduced chemotherapy doses, treatment delays or discontinuation, and changes to treatment regimens, in severe cases, it can be life-threatening. As the global incidence of cancer continues to rise and chemotherapy becomes increasingly widespread in cancer treatment, the number of patients experiencing CID is also on the rise.

Incidence of CID in China, 2020-2035E

The incidence of CID in China increased from 4.5 million cases in 2020 to 5.6 million cases in 2025, with a CAGR of 4.5%. The number is expected to grow to 6.5 million in 2030, reflecting a CAGR of 3.2% between 2025 and 2030. The incidence of CID globally increased from 18.0 million cases in 2020 to 20.3 million cases in 2025, with a CAGR of 2.5%. The number is expected to grow to 22.4 million in 2030, reflecting a CAGR of 2.0% between 2025 and 2030.

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Incidence of CID Globally and in China, 2020-2035E



Source: Frost & Sullivan Analysis

Current Treatment

Current treatment for CID is primarily based on a structured assessment of patient history, presenting symptoms and risk factors, followed by severity stratification under the CTCAE grading system. In clinical practice, CID is generally categorized into uncomplicated and complicated diarrhea to guide treatment decisions, with severity ranging from mild changes in stool consistency or frequency to life-threatening consequences requiring urgent intervention.

For uncomplicated CID, particularly Grade 1/2 diarrhea, treatment is mainly symptomatic and supportive. Common management measures include dietary modifications, such as easily digestible and low-irritation foods, oral rehydration and antidiarrheal therapy. Loperamide is commonly used as a first-line pharmacological option, while oral rehydration salts may be particularly considered for elderly patients or patients with Grade 2 diarrhea.

For complicated or severe CID, including Grade 3/4 diarrhea or cases associated with dehydration, fever, hypotension, tachycardia or suspected infection, more intensive management is required. Such patients may need laboratory and stool investigations, intravenous fluid and electrolyte replacement, close clinical monitoring and hospitalization. Octreotide, a synthetic somatostatin analogue injection that reduces gastrointestinal secretion and helps promote water and electrolyte absorption, may also be used where clinically appropriate. Overall, the current treatment paradigm for CID remains focused on symptom control, rehydration, supportive care and prevention of serious complications.

Clinical Needs

Chemotherapy remains a cornerstone of cancer treatment. In 2025, approximately 6.9 million and 3.4 million cancer patients in China and the U.S., respectively, received chemotherapy. Diarrhea is one of the most common chemotherapy-related complications, with reported incidence rates reaching up to 80% among patients undergoing chemotherapy.

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The clinical needs regarding CID can be summarized in the following three dimensions: (i) Effective control of CID to ensure continuity and dose intensity of chemotherapy. CID is a major dose-limiting toxicity in clinical oncology. Since the efficacy of chemotherapy is closely linked to maintaining the planned dose intensity and schedule, the occurrence of CID often leads to dose reductions, treatment delays, or even discontinuation, thereby compromising treatment outcomes and affecting patients’ long-term prognosis. With the widespread use of high-intensity combination chemotherapy regimens, the incidence and severity of CID have been rising, becoming a major bottleneck in optimizing cancer treatment, (ii) Currently, the clinical management of CID remains fragmented, lacking standardized, tiered management and intervention pathways, and relies heavily on individual clinicians’ experience rather than unified, evidence-based protocols. The pathophysiology of CID is highly heterogeneous including secretory, osmotic, and immune-mediated mechanisms, and often overlaps with gastrointestinal toxicity from targeted or immunotherapy, complicating accurate diagnosis and clinical decision-making. Therefore, there is an urgent need to establish a structured, stepwise, comprehensive management model, and (iii) Current CID treatment regimens are primarily symptomatic and supportive, lacking effective drugs that target the underlying pathogenesis. Long-term or high-dose use of loperamide carries safety risks, including intestinal obstruction and arrhythmias. Octreotide faces challenges such as high costs, limited health insurance coverage, and inconvenient administration, especially for outpatients. There is an urgent clinical need for innovative intervention strategies that are safer, more accessible, and target underlying pathophysiological mechanisms (such as repairing intestinal mucosal damage or modulating the microbiota).

Competitive Landscape of CID Globally and in China

As of the Latest Practicable Date, there are currently two LBP pipelines in clinical development for CID, with one pipeline each in the U.S. and China. The U.S. clinical pipeline corresponds to SK10 reflecting that Chinese companies have begun to demonstrate a certain level of global competitiveness in the field of oncology supportive care. In addition, there are currently no approved products globally or in China for CID. The following tables provide an overview of the competitive landscape of under development products for CID, encompassing both in global and China:

Global Clinical Pipelines of LBPs for CID

Drug Code	Company	Type of LBP	Route of Administration	Highest Phase of Trial	First Posted Date	Regulatory Authority
SK10	Guangzhou Zhiyi Biotechnology Co., Ltd.	Single-strain	Oral	Phase I	2023/09/07	FDA
KAL-002	Sichuan Anaerobic Biotech	Multi-strain	Oral	Phase I	2025/08/18	NMPA

Note: This table was last updated on June 13, 2026

Source: Clinical Trials, NMPA, Frost & Sullivan analysis

China Clinical Pipelines of LBPs for CID

Drug Code	Company	Type of LBP	Route of Administration	Highest Phase of Trial	First Posted Date
KAL-002	Sichuan Anaerobic Biotech	Multi-strain	Oral	Phase I	2025/08/18

Note: This table was last updated on June 13, 2026

Source: Clinical Trials, NMPA, Frost & Sullivan Analysis

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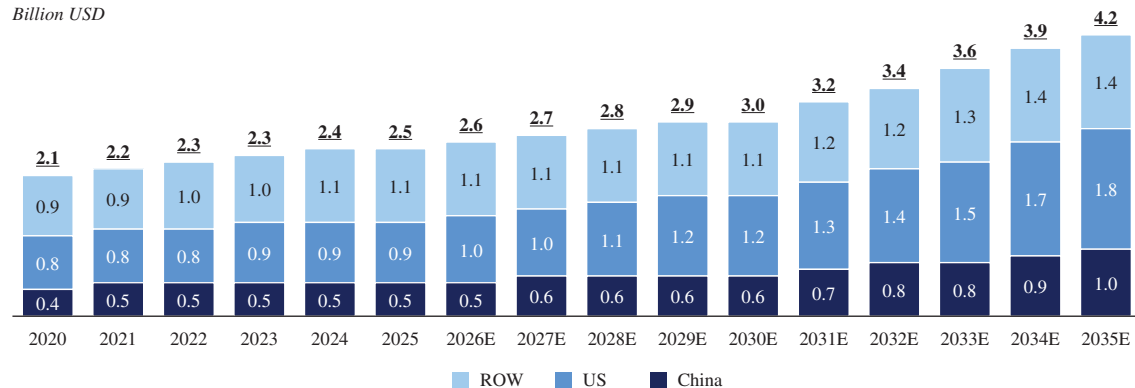
Global and China CID Drug Market Size and Forecast, 2020-2035E

The Global CID Drug Market Size mainly comprises China, the U.S., and the Rest of the World. From 2020 to 2025, the market increased from USD2.1 billion to USD2.5 billion, representing a CAGR of 3.0%. The market is expected to continue expanding, growing from USD3.0 billion in 2030 to USD4.2 billion by 2035.

Global and China CID Drug Market and Forecast, 2020-2035E*

CAGR	Global	China	U.S.	ROW
2020-2025	3.0%	3.4%	3.9%	2.2%
2025-2030E	3.9%	5.3%	5.6%	4.0%
2030E-2035E	6.9%	8.1%	8.5%	2.6%

Billion USD



* Note: Global CID Drug Market Size includes both prophylactic and therapeutic drugs

Source: Frost & Sullivan Analysis

PROBIOTIC RAW MATERIALS MARKET

Market Size of Probiotic Raw Materials Used in Human Health Products Globally and in China, 2020-2035E

The global probiotic raw materials market for human health has demonstrated steady growth, with market size increased from USD1,360.0 million in 2020 to USD1,977.8 million in 2025, representing a CAGR of 7.8%. Driven by continuously expanding demand and the diversification of application scenarios, the market is expected to further grow to USD3,049.3 million by 2030 and is projected to reach USD5500.7 million at a CAGR of 12.5% from 2030 to 2035, indicating strong growth potential.

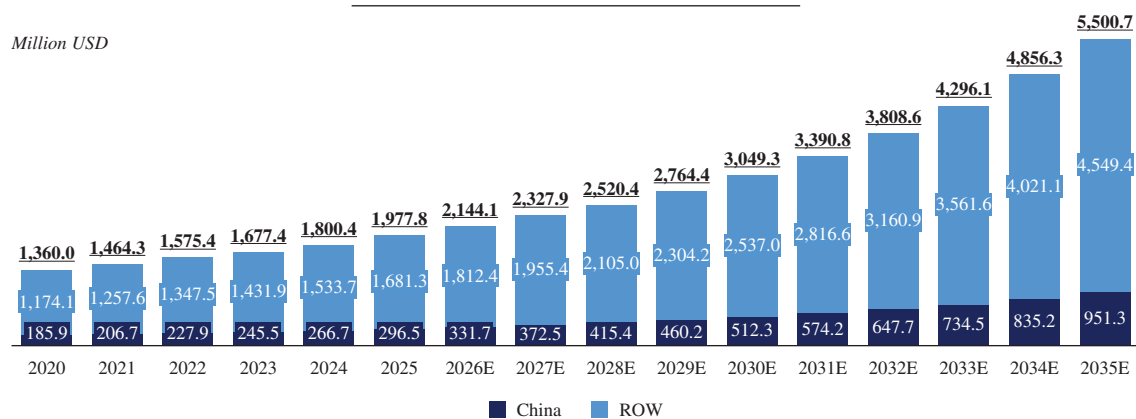
The probiotic raw materials market for human health in China increased from USD185.9 million in 2020 to USD296.5 million in 2025, representing a CAGR of 9.8% over the period. In the medium to long term, as the application of probiotics in the healthcare sector continues to deepen and the penetration of high value-added strain products increases, the market is poised to enter an accelerated growth phase, and is projected to reach USD951.3 Million with a CAGR of 13.2% from 2030 to 2035.

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Global and China Probiotic Raw Materials for Human Health Market Size and Forecast, 2020-2035E

CAGR	Global	China	ROW
2020-2025	7.8%	9.8%	7.4%
2025-2030E	9.0%	11.6%	8.6%
2030E-2035E	12.5%	13.2%	12.4%

Million USD



Source: Frost & Sullivan Analysis

Growth Drivers and Future Trends of Probiotic Raw Materials Market

Growth Drivers

Demographic Shifts Driving Demand Growth. The accelerating trend of population aging is driving sustained demand for functional products that support gut health and immune regulation. As older adults become increasingly receptive to and reliant on probiotic products, the market is expanding steadily. At the same time, this trend is prompting companies to develop differentiated products tailored to specific demographics, thereby driving upgrades in product portfolios.

Rising Health Awareness and Upgraded Consumption. As consumers become increasingly health-conscious, the role of probiotics in improving digestive function and boosting immunity has been progressively validated by both scientific research and market recognition. Furthermore, amid the trend toward consumption upgrading, consumers are placing higher demands on product functionality, personalization, and quality. This is driving the probiotics market to expand into niche demographics (such as infants, children, women, and the elderly) and specialized functional areas (such as gut health and metabolic regulation), thereby opening up new growth opportunities for the industry.

Policy Support and Improved Regulation to Standardize Industry Development. The gradual improvement of the regulatory framework (such as the management of the list of microbial strains and quality standards) has raised the barriers to entry in the industry, helping to regulate market order, improve product quality, and foster the growth of high-quality enterprises. Guided by policy, the industry is gradually evolving toward greater standardization and regulation, thereby promoting long-term healthy development.

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Future Trends

Industrial Structure Shifts toward Higher Value-added Sectors. The traditional probiotic market is mature and highly homogenized. Growth is now driven by next-generation probiotics with differentiated functions and clear MoA. Backed by microbiome science, these next-generation strains command higher entry barriers and premium value. While western firms currently dominate this high-end segment, Chinese enterprises are accelerating domestic import substitution through advanced R&D (e.g., AKK strain initiatives).

Industrial Upgrading and Targeted Development. With advancements in metagenomics, synthetic biology, and high-throughput screening technologies, the probiotics industry is transitioning from a traditional, experience-driven model to one that is “science-driven and precision-oriented”. In the future, the industry will achieve a comprehensive technological upgrade across the entire value chain, from strain screening and functional validation to large-scale production, thereby driving the development and efficient production of strains with well-defined functions and clear MoA.

Evolving Diversity of Product Applications. The application of probiotic raw materials is shifting from a traditional, single-function focus on gut health to diverse functional areas such as immune regulation, metabolic health, oral health, and women’s health. In the field of oral health, relevant studies indicate that specific strains can play a positive role in reducing the risks associated with dental caries and halitosis by inhibiting the colonization of pathogenic bacteria and regulating the oral microbiome. In the field of women’s health, probiotics have demonstrated potential applications in regulating the vaginal microbiome balance and supporting gynecological health management. Driven by these diverse application needs, the market potential for probiotic raw materials is expected to expand further.

Industry Standards and Convergence. Regulatory oversight of probiotics continues to tighten worldwide, and the ongoing refinement of relevant standards and guidelines helps raise industry entry barriers and improve product quality. At the same time, the synergistic advancement of regulation and scientific research will further promote interdisciplinary integration between probiotics and fields such as medicine, nutrition, and food, driving the industry toward higher value-added development.

Analysis of Barriers to Entry in the Probiotic Raw Materials Industry

Barriers to Strain Resource Acquisition and Functional Validation. The core competitive advantage of the industry lies in possessing proprietary microbial strain resources with clearly defined functions that can be repeatedly validated. High-quality strains typically result from long-term screening and accumulation, they must have well-defined functional mechanisms and application scenarios such as gut regulation and immune modulation, and their safety and efficacy must be validated through *in vitro* and *in vivo* experiments as well as clinical studies. A strain library backed by proprietary intellectual property rights forms the key foundation for a company’s competitive differentiation.

Barriers in Quality Control and Production Systems. Probiotics impose stringent requirements on strain viability, stability, and quality control during the manufacturing process. Companies must establish comprehensive production and quality control systems to ensure that products maintain high quality and functional stability throughout their shelf life, which places high demands on production processes and quality management capabilities.

Regulations and Market Access Barriers. Globally, regulations governing probiotics continue to tighten. In China, probiotic raw materials and their use in food and health supplements must comply with relevant laws and standards, including but not limited to: “the List of Strains Permitted for Use in Food,” “the List of Strains Permitted for Use in Infant and Toddler Food,” and “the Specifications for the Classification of Live Bacterial Counts in Probiotic Foods (industry standard)”. The aforementioned regulatory framework sets forth explicit requirements regarding strain origin, safety assessment, and production quality control, thereby raising the overall industry entry barriers.

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REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the worldwide and China drug markets of LBPs, IBS, RVGE, UC, advanced solid tumor, CID and probiotic raw materials. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the U.S. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries.

We have included certain information from the Frost & Sullivan Report in this Document because we believe such information facilitates an understanding of the drug markets as mentioned above for potential [REDACTED]. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of RMB0.68 million for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [REDACTED] or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED]. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

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PRC LAWS AND REGULATIONS

This section sets out a summary of the key PRC laws and regulations relevant to our business.

1. Drug Regulatory Systems and Authorities

Principal Regulatory Authorities

The regulation of the pharmaceutical industry in the PRC is primarily undertaken by three government bodies, namely, the NMPA, an agency under the SAMR, the NHC, and the National Healthcare Security Administration (國家醫療保障局) (the “NHSA”).

The NMPA has succeeded to the pharmaceutical regulatory functions of its predecessor, the CFDA, which performed such functions prior to March 2018. It is the competent authority responsible for most core aspects of the entire life cycle of pharmaceutical products, covering non-clinical research, clinical trials, marketing authorization approval, manufacturing and distribution, advertising and promotion, and pharmacovigilance.

The NHC (formerly the National Health and Family Planning Commission, the “NHFPC”) is the key regulatory authority in the healthcare sector of the PRC. Its main responsibilities include formulating national health policies, regulating public health, medical services and the public health emergency response system, coordinating and advancing the reform of the healthcare system, and supervising the operation of medical institutions and the practice of medical personnel.

The NHSA was formally established in May 2018. Its main responsibilities include formulating and implementing policies, plans and standards in relation to medical insurance, maternity insurance and medical assistance, regulating the healthcare security fund, establishing a unified national medical insurance catalogue and payment standards for pharmaceutical products, medical consumables and medical services, as well as formulating and supervising policies for the tendering and procurement of pharmaceutical products and medical consumables.

Reform of the Drug Approval System

Pursuant to the Administrative Measures for Drug Registration, an applicant for drug marketing authorization may submit a NDA only after completing pharmacological and toxicological studies, clinical trials and other supporting studies, finalizing drug quality standards, validating commercial-scale manufacturing processes and making full preparations for registration verification and inspection. Such application will be reviewed and approved by the NMPA in accordance with applicable laws and regulations. An applicant may only manufacture and sell pharmaceutical products in the PRC upon obtaining an NDA. For drugs or vaccines undergoing clinical trials, an applicant may apply for conditional approval of an NDA if (i) the drug is intended to treat serious life-threatening diseases with no effective treatment alternatives, and existing clinical trial data can verify efficacy and predict clinical value; (ii) the drug is urgently needed for public health purposes, and existing clinical trial data can demonstrate efficacy and predict clinical value; or (iii) the vaccine is urgently needed for major public health emergencies, or is recognized as urgently needed by the NHC, and its benefits are assessed to outweigh the risks.

On January 7, 2009, the CFDA promulgated the Administrative Provisions on Special Examination and Approval of New Drug Registration (《新藥註冊特殊審批管理規定》), which took effect on the same date. The CFDA grants special review and approval for new drug registration applications that meet any of the following criteria: (i) active ingredients extracted from plants, animals, minerals and other materials and their preparations not yet marketed in the PRC, as well as newly discovered medicinal materials and their preparations; (ii) chemical active pharmaceutical ingredients and their preparations, and biological products not yet approved for marketing in or outside the PRC; (iii) new drugs for the treatment of AIDS, malignant tumors, rare diseases and other conditions with significant clinical advantages; and (iv) new drugs for the treatment of diseases with no effective treatment options. Applicants under categories (i) and (ii) may apply for special review and approval at the time of submitting an IND. Applicants under

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categories (iii) and (iv) may only apply for special review and approval at the production application stage. Based on the application submitted by the applicant, the CFDA shall process the registration applications verified as meeting the above circumstances on a priority basis in the registration process and strengthen communication with the applicant.

On August 9, 2015, the State Council promulgated the Opinions on Reforming the Evaluation and Approval System for Drugs and Medical Devices (《關於改革藥品醫療器械審評審批制度的意見》) (the “**Reform Opinions**”), which established the core framework for reforming the drug and medical device review and approval system in the PRC. It explicitly proposed to raise the standard of approval for drug registration and accelerate the review and approval process for innovative drugs.

On November 11, 2015, the CFDA promulgated the Announcement on Several Policies for the Review and Approval of Drug Registration (《國家食品藥品監督管理總局關於藥品註冊審評審批若干政策的公告》), which further streamlined the drug approval process by adopting one-time approval for INDs, replacing the phased review and approval mechanism.

On March 4, 2016, the General Office of the State Council promulgated the Guiding Opinions on Promoting the Healthy Development of the Pharmaceutical Industry (《國務院辦公廳關於促進醫藥產業健康發展的指導意見》), which aimed to accelerate the R&D of innovative drugs and biological products addressing major clinical needs, promote green and intelligent manufacturing technologies, enhance scientific and efficient industry regulation, and support the internationalization of the pharmaceutical industry.

On October 8, 2017, the General Office of the Central Committee of the Communist Party of China (the “**CPC**”) and the General Office of the State Council jointly issued the Opinions on Deepening the Reform of the Evaluation and Approval System to Encourage Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the “**Innovation Opinions**”), which streamlined clinical trial procedures, shortened review timelines and established fast-track approval pathways for clinically urgently needed drugs and medical devices, as well as drugs and devices for the treatment of rare diseases.

On December 21, 2017, the CFDA promulgated the Opinions on Implementing Priority Review and Approval to Encourage Drug Innovation (《關於鼓勵藥品創新實行優先審評審批的意見》), which further clarified fast-track pathways for clinical trial approval and drug registration for innovative drugs. This document was repealed by the Announcement of the NMPA on Issuing Three Documents including the Working Procedures for the Evaluation of Breakthrough Therapy Drugs (for Trial Implementation) (《國家藥監局關於發佈〈突破性治療藥物審評工作程序(試行)〉等三個文件的公告》) promulgated by the NMPA on July 7, 2020.

On May 17, 2018, the NMPA and NHC jointly promulgated the Circular on Issues Concerning Optimizing Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》), which further simplified and accelerated the clinical trial approval process.

On July 7, 2020, the NMPA issued the Working Procedures for Priority Review and Approval of Drug Marketing Authorization (for Trial Implementation) (《藥品上市許可優先審評審批工作程序(試行)》), which further clarified that a fast-track review and approval pathway is available for IND applications or drug marketing registration applications for innovative drugs.

On March 31, 2023, the CDE issued the CDE Specifications for Accelerating the Review of Marketing Authorization Applications for Innovative Drugs (for Trial Implementation) (《藥審中心加快創新藥上市許可申請審評工作規範(試行)》), which encourages the research and development of breakthrough therapy drug programs, pediatric drugs and rare disease innovative drugs, and further expedites the launch of relevant drugs to meet the clinical needs of the corresponding patient groups.

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2. Research and Development and Registration of Pharmaceutical Products

New Drug Research and Development

The Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) (the “**Drug Administration Law**”) was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) in September 1984. The latest revised version was promulgated on August 26, 2019 and took effect on December 1, 2019.

The Regulations for the Implementation of the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法實施條例》) (the “**Implementation Regulations**”) were promulgated by the State Council in August 2002. The latest revised version was promulgated on January 16, 2026 and has taken effect on May 15, 2026. Such laws and regulations established the core legal framework for the entire lifecycle of drug administration, including the establishment and continuance of pharmaceutical manufacturing and trading enterprises, as well as new drug research, development and production.

Pursuant to the relevant provisions of the Drug Administration Law and the Implementation Regulations, the state encourages innovation in new drug research and development and protects the legitimate rights and interests of new drug research and development entities. Prior to conducting any clinical trial, new drug research and development entities and clinical trial applicants must truthfully submit the drug manufacturing process, quality control standards, pharmacological and toxicological test results, together with relevant materials, documents and samples to the NMPA for approval.

Non-clinical Research

Non-clinical safety evaluation studies of drugs conducted for the purpose of drug registration applications must be carried out in strict compliance with the Good Laboratory Practice for Non-clinical Drug Studies (the “**GLP**”), which was issued by the CFDA in August 2003 and revised in July 2017. In April 2007, the CFDA issued the Measures for the Administration of Certification of Good Laboratory Practice for Non-clinical Drug Studies (《藥物非臨床研究質量管理規範認證管理辦法》). The latest revised version was promulgated on January 19, 2023 and took effect on July 1, 2023, which sets out the requirements to be satisfied by institutions applying for GLP certification and conducting non-clinical drug studies.

Application for Clinical Trial and Drug Clinical Trial Registration

Pursuant to the Decision on Adjusting the Approval Procedures for Certain Drug Administrative Approval Items (《關於調整部分藥品行政審批事項審批程序的決定》) issued by the CFDA on March 17, 2017, approval decisions for drug clinical trials shall be directly made by the CDE of the NMPA with effect from May 1, 2017. Pursuant to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) (the “**Decree No. 27**”), promulgated on January 22, 2020 and effective from July 1, 2020, drug clinical trials are classified into Phase I, Phase II, Phase III and Phase IV clinical trials, as well as bioequivalence trials. In accordance with Decree No. 27 and the relevant provisions of the Announcement on Adjusting the Review and Approval Procedures for Drug Clinical Trials (《關於調整藥物臨床試驗審評審批程序的公告》) issued in July 2018, the CDE shall complete the formal review within 5 days upon receipt of the application materials. If the materials meet the requirements or are supplemented and corrected according to the requirements, the Acceptance Notice shall be issued. The Acceptance Notice shall specify that if a clinical trial applicant does not receive any negative or questioning opinions from the CDE within 60 days from the date of acceptance of the application and payment of fees, the applicant may conduct the clinical trial in accordance with the trial protocol submitted to the CDE.

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After obtaining the clinical trial approval document issued by the NMPA, the applicant must complete clinical trial registration on the “Drug Clinical Trial Registration and Information Disclosure Platform” in accordance with the requirements set out in the Announcement on the Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which took effect in September 2013, and such information shall be publicly disclosed. The applicant shall complete preliminary registration of the trial within one month after obtaining the clinical trial approval document to obtain an exclusive trial registration number, and shall complete supplementary entry of follow-up information and submit the information for initial public disclosure before the first subject is enrolled.

Clinical Trials

After obtaining clinical trial approval, the applicant shall conduct clinical trials at qualified clinical trial institutions. A qualified clinical trial institution refers to an institution that meets the relevant criteria and conducts clinical trials in accordance with the requirements and technical guidelines under the Measures for the Administration of Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which took effect on December 1, 2019. Such clinical trial institutions are subject to filing administration. Institutions that only conduct analyses of biological samples related to drug clinical trials are not required to complete filing procedures. The NMPA is responsible for establishing a filing administration information platform for the registration, filing and operational management of drug clinical trial institutions, as well as for the entry, sharing and disclosure of supervision and inspection information by drug regulatory authorities and health authorities.

Clinical trials must be conducted in strict compliance with the GCP jointly issued by the NMPA and the NHC on April 23, 2020 and effective from July 1, 2020, which specifies requirements for the entire process of conducting clinical trials, covering pre-trial preparation, formulation of trial protocols, protection of subjects’ rights and interests, division of responsibilities among investigators, sponsors and monitors, as well as data management and statistical analysis. Such good clinical practice does not impose specific requirements on the roles and obligations of the co-sponsors in clinical development projects.

Pursuant to the relevant provisions of the Announcement on Adjusting the Review and Approval Procedures for Drug Clinical Trials (《關於調整藥物臨床試驗審評審批程序的公告》), for a project approved for IND clinical trials, the applicant shall apply to the CDE for a communication meeting upon completion of Phase I and Phase II clinical trials and prior to the initiation of Phase III clinical trials, to discuss key technical matters (including the design of the Phase III clinical trial protocol) with the CDE. Pursuant to the Administrative Measures for Communication and Exchange on Drug Research and Development and Technical Evaluation (《藥物研發與技術審評溝通交流管理辦法》), as revised by the NMPA on April 1, 2026, an applicant may propose to hold a communication meeting with the CDE throughout the entire process of innovative drug research and development and registration application. Communication meetings are classified into three categories: Type I meetings: meetings convened to address major safety issues encountered during drug clinical trials and major technical issues arising in the research and development of breakthrough therapy drugs; Type II meetings: meetings held at key drug R&D stages, mainly including pre-clinical trial application meetings, end-of-Phase II/pre-Phase III meetings, and pre-new drug marketing authorization application meetings; and Type III meetings: other communication meetings not falling within Type I or Type II meetings.

On May 26, 2022, the CDE issued the Technical Guidelines for Clinical Trials of Locally Administered and Locally Acting Drugs (《局部給藥局部起效藥物臨床試驗技術指導原則》), which explicitly stipulate that for innovative drugs, the research and development enterprise shall design tolerability and safety studies covering an adequate administration area based on the lesion size of the target disease, and conduct exploratory studies to comprehensively analyze the clinical efficacy of drug candidates at different concentrations.

The results of such studies shall provide supporting evidence for the design of subsequent confirmatory clinical studies.

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New Drug Application

Pursuant to the relevant provisions of Decree No. 27, an applicant may submit a drug marketing authorization application to the NMPA after completing related research including CMC, pharmacological and toxicological studies and clinical trials, finalizing drug quality standards, validating commercial-scale production processes and completing other relevant preparatory work. The NMPA shall make a decision on whether to approve the application in accordance with applicable laws and regulations and the comprehensive evaluation opinion issued by the CDE. An applicant may only manufacture and sell the relevant drug in the PRC upon obtaining the new drug marketing authorization. Pursuant to Decree No. 27, the marketing authorization holder of a drug meeting one of the following criteria may apply for conditional approval: (i) drugs for the treatment of serious life-threatening diseases with no effective treatment alternatives, where existing clinical trial data have verified efficacy and can predict their clinical value; (ii) drugs urgently needed for public health purposes, where existing clinical trial data have demonstrated efficacy and can predict their clinical value; and (iii) vaccines urgently needed to respond to major public health emergencies, or other vaccines recognized as urgently needed by the NHC, where the benefits are assessed to outweigh the risks.

3. Drug Production and Quality Management

Drug Manufacturing License

Pursuant to the relevant provisions of the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) and the Implementation Regulations, enterprises engaging in drug production activities in the PRC must obtain a Drug Manufacturing License (《藥品生產許可證》) upon approval by the drug regulatory authority of the people’s government of the province, autonomous region or municipality directly under the Central Government where they are domiciled. The license shall set out its validity period and production scope, with a validity term of five years. A license holder shall apply for renewal of the license six months prior to the expiry of its validity period.

Good Manufacturing Practice

The World Health Organization encourages the adoption of the GMP standards in drug production to minimize quality risks in the drug production process that cannot be detected through finished product inspection.

The first set of GMP for drugs in the PRC was promulgated by the former Ministry of Health of the People’s Republic of China (the “MOH”) on March 17, 1988 and first revised on December 28, 1992. Following the establishment of the NMPA, the GMP was revised on June 18, 1999, with the revised version taking effect on August 1, 1999. The current core version of the GMP was revised and promulgated by the MOH on October 19, 2010 and implemented on March 1, 2011. This version lays down fundamental standards for drug production, covering the entire production chain including production facilities, qualifications of management personnel, production premises and equipment, document management, materials and packaging label management, quality inspection, production management, product sales and returns, and customer complaint handling.

On August 2, 2011, the CFDA issued the Circular on Issuing the Administrative Measures for the Certification of Good Manufacturing Practice (《關於印發〈藥品生產質量管理規範認證管理辦法〉的通知》), which stipulates that a newly established drug manufacturer, or an existing drug manufacturer intending to expand its production scope or construct a new production plant, shall apply for GMP certification in accordance with the relevant provisions of the Implementation Regulations. A drug manufacturer that has obtained a GMP certificate shall submit a re-certification application six months prior to the expiry of such certificate. On December 30, 2015, the CFDA issued the Notice on Effectively Implementing the Good Manufacturing Practice (《關於切實做好實施藥品生產質量管理規範有關工作的通知》), which stipulates that a drug manufacturer that has not obtained a GMP certificate shall not be granted a renewed Drug Manufacturing License (《藥品生產許可證》).

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On November 29, 2019, the NMPA issued the Announcement on Implementing the Drug Administration Law of the People’s Republic of China (《關於貫徹實施〈中華人民共和國藥品管理法〉有關事項的公告》), which confirms that with effect from December 1, 2019, GMP certification was officially abolished, and no further applications for GMP certification would be accepted nor GMP certificates issued. However, the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) also stipulates that entities engaged in drug production activities must still strictly comply with the relevant GMP requirements, establish and improve a sound drug production quality management system, and ensure the entire drug production process consistently meets statutory standards.

On May 24, 2021, the NMPA issued the Administrative Measures for Drug Inspection (for Trial Implementation) (《藥品檢查管理辦法(試行)》), which took effect on the same date and was most recently revised on July 19, 2023, with the Administrative Measures for the Certification of Good Manufacturing Practice simultaneously repealed. These Measures clarify that for a drug manufacturer applying for a Drug Manufacturing License for the first time, an on-site inspection shall be conducted in accordance with the relevant GMP requirements; for an application for license renewal, the regulatory authority shall conduct a review based on the principle of risk management, taking into account such manufacturer’s compliance with drug administration laws and regulations, GMP implementation status and quality system operation, and may initiate a GMP compliance inspection if necessary.

Contract manufacturing of drugs

Pursuant to the Administrative Regulations for the Supervision and Administration of Drug Contract Manufacturing (《藥品委託生產監督管理規定》) issued by the CFDA in August 2014, a drug manufacturer may only entrust the production of a drug for which it holds the drug approval number to another qualified domestic drug manufacturer if it temporarily lacks production conditions and capacity due to technological transformation, or has insufficient production capacity to guarantee market supply. Such contract manufacturing arrangement shall be subject to the approval of the provincial drug regulatory authority.

The Administrative Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》) issued by the SAMR on January 22, 2020 and implemented on July 1, 2020 further implements the Marketing Authorization Holder (“MAH”) system as stipulated in the Drug Administration Law. It is expressly provided that an MAH entrusting a third party to produce drugs shall sign an entrustment agreement and a quality agreement with a qualified drug manufacturer, and submit such agreements together with the application materials for the actual production site to the drug regulatory authority to apply for the Drug Manufacturing License.

4. Drug Safety and Full Life Cycle Regulation

Marketing Authorization Holder Mechanism

With the authorization of the SCNPC, the General Office of the State Council promulgated the Pilot Plan for the Drug Marketing Authorization Holder System (《藥品上市許可持有人制度試點方案》) on May 26, 2016, laying out a detailed pilot scheme for the implementation of the MAH system in 10 provinces (municipalities) across China. The pilot program was originally scheduled to expire on November 4, 2018, and the SCNPC subsequently extended the pilot term to November 4, 2019.

The current Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) explicitly provides that the MAH system has been fully implemented in China’s pharmaceutical industry. A drug marketing authorization holder refers to an enterprise, a pharmaceutical research institution or other entity that has obtained a drug registration certificate. In compliance with the relevant provisions of the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》), the MAH shall bear legal liability for the full life cycle of a drug, covering non-clinical research, clinical trials, production and distribution, post-marketing research, as well as adverse drug reaction monitoring, reporting and handling.

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The MAH may manufacture drugs on its own or entrust a qualified drug manufacturer with drug production; it may conduct drug sales and distribution activities on its own or entrust a qualified drug distributor with drug sales. Nevertheless, unless otherwise stipulated by the drug regulatory authority under the State Council, the MAH shall not entrust the production of blood products, narcotic drugs, psychotropic substances, toxic pharmaceutical drugs for medical use or drug precursor chemicals. The MAH shall establish and improve a sound drug quality assurance system and appoint dedicated personnel to independently take charge of drug quality management. In the meantime, it shall conduct regular audits on the quality management systems of entrusted manufacturers and distributors to supervise their sustained capacity for quality assurance and risk control.

Where the MAH is an overseas enterprise, it shall designate an enterprise within the territory of the People’s Republic of China to perform the relevant obligations of the MAH, and such overseas enterprise and the designated domestic enterprise shall be jointly and severally liable for the legal liabilities arising from the MAH’s obligations.

Product liability

The Civil Code of the People’s Republic of China (《中華人民共和國民法典》) was promulgated by the National People’s Congress on May 28, 2020, and took effect on January 1, 2021. It explicitly stipulates that if a patient sustains harm due to a defective drug, the patient may claim compensation from the drug marketing authorization holder, the manufacturer or the medical institution. Where the patient claims for compensation from the medical institution, the medical institution, after making compensation, shall have the right of recovery against the liable holder of the marketing approval for the drug or manufacturer.

Drug Recall

The NMPA issued the Measures for the Administration of Drug Recall (《藥品召回管理辦法》) on October 24, 2022, which came into force on November 1, 2022. The Measures require drug marketing authorization holders to establish and improve a drug recall management system by collecting drug safety-related information and conducting investigation and assessment on drugs with potential safety hazards. For drugs sold within the territory of the PRC, a drug recall procedure shall be initiated once quality hazards endangering human health and life safety are confirmed. During the drug recall implementation, drug distributors and healthcare facilities shall cooperate with the MAH to fulfill its recall obligations, promptly disseminate recall information, provide feedback in accordance with the recall plan, and complete the control and recall of defective drugs.

Special Approval Procedures

On November 18, 2005, the CFDA promulgated the Special Approval Procedures for Drugs of the State Food and Drug Administration (《國家食品藥品監督管理局藥品特別審批程序》), which stipulates that in the event of a threatened or actual public health emergency, the CFDA shall launch special emergency measures to accelerate the approval of drugs required for the response to such public health emergency.

Drug Trial Data Protection

Pursuant to the relevant provisions of the Implementation Regulations, the state will provide a protection period of up to six years for undisclosed trial data and other data independently obtained and submitted by MAHs for drugs containing new chemical entities and other eligible products. During this period, no other applicants may rely on such data to apply for drug registration without the consent of the MAH.

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5. Regulation of Special Sectors

Administration of Precursor Chemicals

On August 26, 2005, the State Council promulgated the Regulations on the Administration of Precursor Chemicals (《易製毒化學品管理條例》), which came into effect on November 1, 2005 with the latest revised version promulgated on September 18, 2018. The Regulations explicitly classify precursor chemicals into three categories: Category I consists of primary raw materials that may be used in the production of illicit drugs, while Category II and Category III comprise chemical adjuvants that can be used in the production of illicit drugs. The State implements a classified administration and licensing regime for the production, operation, purchase, transportation, import and export of precursor chemicals.

Entities intending to purchase precursor chemicals shall apply to the local public security authority for a purchase filing certificate by submitting materials including their business license and proof of legitimate use.

6. Intellectual Property Protection

Patents

Patent-related rights and interests in China are primarily protected by the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) (the “**Patent Law**”) and the Implementing Rules of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) (the “**Implementing Rules of the Patent Law**”). Among which, the Patent Law was promulgated by the Standing Committee of the National People’s Congress on March 12, 1984, its latest revised version was issued on October 17, 2020 and came into effect on June 1, 2021; the Implementing Rules of the Patent Law were promulgated by the State Council on June 15, 2001, and its latest revised version was issued on December 11, 2023 and came into effect on January 20, 2024.

The above laws and regulations clarify that patents in China are divided into invention patent, utility model patent and design patent. Among which, Invention refers to any new technical solution relating to a product, a process or improvement thereof; utility model refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; design refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with esthetic feeling and industrial application value.

The term of protection for an invention patent is 20 years, the term of protection for a utility model patent is 10 years, and the term of protection for a design patent is 15 years, all calculated from the date of application. The Patent Law also clarifies that, in the interest of public health, the competent patent authority under the State Council may grant compulsory licenses for pharmaceutical products under patent protection manufactured and exported to countries or regions which comply with the provisions of the relevant international treaty to which the PRC is a party.

Trade Secret

The Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) was promulgated by the SCNPC in September 1993 with the latest revised version issued on June 27, 2025. The law clarifies that trade secrets refer to technical information, business information and other commercial information that is not publicly known, possesses commercial value, and to which the right holder has taken corresponding confidentiality measures.

The law also provides that business operators shall not commit the following acts of misappropriation of trade secrets: (1) obtaining a rights holder’s trade secrets by theft, bribery, fraud, coercion, cyber intrusion or other unfair means; (2) disclosing, using or permitting others to use a rights holder’s trade secrets obtained by the means specified in the preceding item; (3) in breach of confidentiality obligations or the rights holder’s requirements for keeping trade secrets confidential,

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disclosing, using or permitting others to use trade secrets in their possession; or (4) soliciting, inducing or aiding others to violate confidentiality obligations or the rights holder’s requirements for preserving trade secrets, thereby obtaining, disclosing, using or permitting others to use the rights holder’s trade secrets. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. If the legitimate rights and interests of a trade secret holder are infringed upon, the holder may apply to the regulatory authorities for administrative remedies. The regulatory authorities may order the infringer to cease the unlawful conduct and impose a fine for the infringement.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982 with the latest revised version issued on April 23, 2019 and became effective from November 1, 2019. The law clarifies that the period of validity of a registered trademark is ten years, starting from the day the registration is approved. A trademark registrant intending to continue to use the registered trademark upon expiry of its validity period shall go through the formalities of renewal within 12 months before the expiry according to the relevant provisions, and if failing to do so, the trademark registrant may be granted a six-month grace period. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Market supervision and administration authorities have the power to investigate and punish any act of infringement upon the exclusive right to use a registered trademark in accordance with laws. In case of a suspected criminal offense, the case shall be promptly transferred to the judicial authorities and decided according to laws.

The Internet Domain Name

Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) was issued by the former Ministry of Information Industry on August 24, 2017, and implemented on November 1, 2017. The Measures clarify that the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services in the PRC and communications administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of “first come, first file”. Domain name service agencies shall, in the process of providing registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information and other registration materials.

7. Corporate Establishment, Operations, and Compliance

Company Establishment

The establishment, operation and management of corporate entities in China are governed by the Company Law. The Company Law was promulgated by the Standing Committee of the National People’s Congress (NPCSC) on December 29, 1993, effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively, with the latest revised version becoming effective on July 1, 2024. The key adjustments in the latest revision include improvement of the system for the establishment and exit of companies, optimization of organizational structures of companies, improvement of capital system of companies, strengthening the responsibilities of the controlling shareholder and management staff, enhancing the social responsibilities of enterprises, etc.

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Data Security and Personal Information Protection

On May 28, 2020, the National People’s Congress approved the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) (the “**Civil Code**”), which has come into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of the information, and shall not illegally collect, use, process, or transmit personal information of others, or illegally purchase, sell, provide, or make public personal information of others.

The Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which was promulgated by the Standing Committee of the National People’s Congress on November 7, 2016 and came into effect on June 1, 2017, and was amended on October 28, 2025, with the latest revised version becoming effective on January 1, 2026, requires that any individuals and organizations that use networks must not endanger network security or use networks to engage in activities such as those endangering national security, disrupting the economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cybersecurity Law requires that when building, operating a network or providing services through the network, technical measures and other necessary measures must be adopted in accordance with the provisions of laws, administrative regulations and the mandatory requirements of national standards to safeguard network security and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data.

The Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) (the “**Data Security Law**”) was passed by the Standing Committee of the National People’s Congress on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires that data processing activities shall be conducted in accordance with the provisions of laws and regulations, establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security.

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》) (the “**Personal Information Protection Law**”) was passed by the Standing Committee of the National People’s Congress on August 20, 2021 and has come into effect on November 1, 2021. The Personal Information Protection Law aims to protect the rights and interests of personal information and to regulate personal information processing activities. It clearly stipulates the rules of personal information processing, the rules of cross-border provision of personal information, individuals’ rights in personal information processing activities, the obligations of personal information processors, and the legal liability for processing personal information in violation of the provisions of this law.

On December 28, 2021, the Cyberspace Administration of China (the “**CAC**”) and twelve other People’s Republic of China regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Measures**”) which came into effect on February 15, 2022. Pursuant to the Measures, the procurement of network products and services by critical information infrastructure operator should predict the national security risks that may be brought about after the products and services are put into use. If it affects or may affect national security, it shall apply to the Cybersecurity Review Office for cybersecurity review.

Network platform operators with personal information data of more than one million users must apply to the Cybersecurity Review Office for a cybersecurity review when they go public in a foreign country. For network products and services and data processing activities which a member unit of the cybersecurity review work mechanism believes affect or may affect national security, the Cybersecurity Review Office shall initiate a review in accordance with the Measures upon the approval by the Central Cyberspace Affairs Commission in accordance with relevant procedures.

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Pursuant to the Outbound Data Transfer Security Assessment Measures (《數據出境安全評估辦法》) promulgated by the CAC on July 7, 2022 and implemented on September 1, 2022, data processors shall apply for security assessment of data outbound transfer in one of the following circumstances: (i) where a data processor transfers important data across the border; (ii) where an operator of critical information infrastructure and a personal information processor that processes personal information of more than one million individuals transfer personal information across the border; (iii) where a data processor that has transferred personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals cumulatively as of January 1 of the previous year transfers personal information across the border; or (iv) other circumstances under which security assessment of cross-border data transfer is required as prescribed by the CAC.

The Measures for Standard Contracts for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) published by the CAC on February 22, 2023 and came into force on June 1, 2023 stipulates that where personal information processor provides personal information abroad by entering into a Standard Contract, it shall meet all the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it handles the personal information of less than one million persons; (iii) since January 1 of the previous year, it has accumulatively provided the personal information of less than 100,000 persons abroad; (iv) since January 1 of the previous year, it has accumulatively provided the sensitive personal information of less than 10,000 persons abroad.

According to the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) published by the CAC on March 22, 2024 and came into effect on the same day, in addition to the cases falling under the provisions of Articles 3, 4, 5 and 6 of the Provisions, a data processor shall declare the security assessment of the data outbound if the data is provided out of the country by the data processor under one of the following conditions: (i) where a critical information infrastructure operator provides personal information or important data abroad; or (ii) where any data handler other than a critical information infrastructure operator provides important data abroad or, as of January 1 of the current year, provides personal information (excluding sensitive personal information) of not less than one million people or sensitive personal information of not less than 10,000 people in aggregate to overseas parties. In addition, the regulation also clarifies that a data processor is not required to apply for a security assessment of outbound data transfer for data treated as important data if the relevant authority or region does not notify the data processor that the data is treated as important data or does not publicly release the data as important data.

Labor, Social Insurance and Housing Fund

The Labour Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the NPC Standing Committee on July 5, 1994 and became effective on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labour safety and health systems, stringently implement national protocols and standards on labour safety and health, conduct labour safety and health education for workers, guard against labour accidents and reduce occupational hazards. Labour safety and health facilities must comply with relevant national standards. An employer must provide workers with the necessary labour protection gear that complies with labour safety and health conditions stipulated under national regulations, as well as provide regular health checks for workers that are engaged in operations with occupational hazards. Labourers engaged in special operations shall have received specialised training and obtained the pertinent qualifications. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

The Labour Contract Law of PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007, which became effective on January 1, 2008 and was amended on December 28, 2012 and became effective on July 1, 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent

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requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

The Implementing Regulations of the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》) were promulgated by the State Council and became effective in September 2008. The above-mentioned laws and regulations stipulate that labor contracts in written form shall be executed to establish labor relationships between employers and employees. The wages paid by the employer to each employee shall not be less than the local minimum wage. The employers must establish a system for labor safety and sanitation, strictly comply with national rules and standards, provide education regarding labor safety and sanitation to their employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with national rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

The Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC in October 2010 and whose latest revised version was issued and came into effect in December 2018. The Interim Regulations on the Collection of Social Insurance Contributions (《社會保險費徵繳暫行條例》) were promulgated by the State Council in January 1999, and the latest revised version was issued in March 2019. The Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) were promulgated by the State Council in April 1999, and the latest revised version was issued in March 2019. The above laws and regulations provide that employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance and to housing provident funds. If an employer fails to fulfill its contribution obligations as required, the regulatory authorities may order it to correct the violation within a specified time limit and may impose a fine.

Housing Leasing

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. It is expressly provided that parties to the property lease shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the construction (real estate) department of the municipal, city or county government where the leased property is located. Where the relevant provisions of these Measures are violated, corrections may be ordered within a specified time limit by the competent authority. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

Environment Protection

The Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on December 26, 1979, came into effect on the same day and was last amended on April 24, 2014. This law outlines the authorities and duties of environmental protection regulatory agencies at various levels. The Ministry of Ecology and Environment has the authority to establish national standards for environmental quality and pollutant emission, and to exercise unified supervision and management over environmental protection scheme of the PRC. Local environment protection authorities may formulate local standards which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

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Environmental Impact Assessment

Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) was promulgated by the State Council on November 29, 1998, latest revised on July 16, 2017 and took effect on October 1, 2017. It is specified therein that, depending on the extent of a construction project’s environmental impact, the construction entity is required to prepare a report, or a statement, or a registration form of such environmental impacts. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction entity shall submit, before starting construction, the relevant documents to the competent department of ecology and environment with the authority of examination and approval for approval. If the environmental impact assessment documents have not been examined or approved, the construction employer shall not commence the construction.

The Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》) was promulgated by the SCNPC on October 28, 2002 and was revised on July 2, 2016 and December 29, 2018. It is specified therein that, for any construction projects that have an impact on the environment, the construction entity is required to prepare a report, or a statement, or a registration form of such environmental impacts depending on the extent of a construction project’s environmental impact.

Environmental Protection Acceptance

Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) was promulgated by the State Council on November 29, 1998 and latest revised on July 16, 2017. It came into force on October 1, 2017. It is explicitly stipulated therein that ancillary facilities for environmental protection of a construction project must be designed, constructed and put into production and use with the principal project at the same time (i.e., the “Three Simultaneities” system). Upon completion of a construction project, the construction entity shall, in accordance with the standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct acceptance inspection of the supporting environmental protection facilities constructed for such project. The facilities may be put into production or use only after passing the acceptance inspection; those have not undergone acceptance inspection or have failed to pass such inspection shall not be put into production or use. The construction entity shall publicly disclose the acceptance report in accordance with the law.

The Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》) requires that, after the environmental impact assessment document of a construction project has been approved, if either the nature, scale, venue, the production techniques employed or the measures for pollution control and prevention of ecological damage has undergone substantial changes, the construction entity shall submit new environmental impact assessment documents of the construction project for examination and approval. If the project was decided to start construction after five years from the date of approving the environmental impact assessment document of a construction project, its environmental impact assessment document shall be submitted to the original approval authorities for re-review.

Pollutant Discharges

The Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) clearly stipulates that the State shall implement a pollutant discharge permit administration system in accordance with the law. Enterprises, public institutions and other producers and operators subject to pollutant discharge permit administration (hereinafter referred to as the “Pollutant Discharging Entities”) shall discharge pollutants in accordance with the requirements of the pollutant discharge permits; and shall not discharge pollutants without a pollutant discharge permit.

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On February 24, 2021, the State Council promulgated the Regulation on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), which took effect on March 1, 2021. It is specified that polluting entities must apply for and obtain a pollution discharge permit. The pollutant discharge permit shall specify requirements regarding the types, concentrations, total quantities, discharge methods, discharge destinations, and timing of pollutant emissions, as well as environmental management requirements such as self-monitoring, environmental management record-keeping, and pollutant discharge permit compliance reports. Pollution-emitting entities must strictly control pollutant emissions in accordance with the provisions of their pollution discharge permits, conduct self-monitoring in accordance with the law, and retain original monitoring records. Key discharge entities shall also install and use automatic monitoring equipment for pollutant discharges and connect with the monitoring equipment of the competent ecological and environmental authorities to ensure the normal operation of the monitoring equipment.

The Air Pollution Prevention Law of the People’s Republic of China (《中華人民共和國大氣污染防治法》), promulgated on September 5, 1987, amended on August 29, 1995, April 29, 2000, August 29, 2015 and October 26, 2018 by the SCNPC, which became effective on January 1, 2016 and October 26, 2018 respectively, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

The Water Pollution Prevention Law (《中華人民共和國水污染防治法》), promulgated on May 11, 1984 by the SCNPC, which became effective on November 1, 1984, and amended on May 15, 1996, February 28, 2008 and June 27, 2017, establishes the legal framework for water pollution prevention in the PRC. The MEE formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

The Noise Pollution Prevention Law (《中華人民共和國環境噪聲污染防治法》), promulgated by the SCNPC on October 29, 1996 and was last revised on December 24, 2021 and became effective on June 5, 2022, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Fire Safety Administration

The Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》) was promulgated by the SCNPC on April 29, 1998 and the latest revision came into effect on April 29, 2021. It is specified that the Emergency Management Authority of the State Council shall exercise supervision and administration over fire safety work nationwide, and its local counterparts at or above county level shall monitor and administer the fire prevention affairs within their respective administrative regions. The Fire and Rescue Department of the People’s Government is responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. 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. Upon completion of a construction project, the project may not be put into use or opened for business unless it has passed a fire safety inspection or meets fire safety requirements.

REGULATORY OVERVIEW

8. Finance, Foreign Exchange and Taxation

Foreign Exchange Control

The core regulation governing foreign exchange transactions in China is the Regulations of the People’s Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), which were promulgated by the State Council on January 29, 1996, and most recently revised on August 5, 2008. It is stipulated therein that international payments in foreign currencies and transfers of foreign currencies under current accounts shall not be restricted, whereas foreign exchange transactions under capital accounts remain subject to restrictions and require approvals from, or registration with, the SAFE or its local counterparts and other relevant PRC governmental authorities before they can be carried out.

Pursuant to the Regulation of the Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) issued by the People’s Bank of China on June 20, 1996 and effective on July 1, 1996, foreign-invested enterprises may only purchase, sell or remit foreign currencies through banks authorized to conduct foreign exchange business upon provision of valid commercial supporting documents and, in the case of capital account transactions, after obtaining approvals from the SAFE or its local counterparts.

The Notice of the SAFE on Reforming the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”), promulgated by the SAFE on March 30, 2015 and effective on June 1, 2015, and subsequently revised on December 30, 2019 and March 23, 2023, provides that foreign exchange capital, for which monetary contributions have been confirmed by foreign exchange authorities (or credited into the capital account by banks), may be settled at banks based on the actual operational needs of the enterprise. The use of Renminbi funds obtained from foreign exchange settlement is subject to the restrictions set out in the Circular 19, including that such funds shall not be directly or indirectly used for expenditures beyond the business scope of the enterprises or for purposes prohibited by laws and regulations, or for securities investments (unless otherwise provided by laws and regulations), granting Renminbi entrusted loans (unless permitted by the business scope), repaying inter-enterprise borrowings (including advances by third parties) or bank loans that have been on-lent to third parties, or paying expenses related to the purchase of real estate not for self-use (except for foreign-invested real estate enterprises).

The Circular on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), issued by the SAFE on April 10, 2020 and effective from the same date, clarifies that reforms facilitating the use of proceeds under capital accounts shall be promoted nationwide. Subject to the authenticity and compliance of fund usage and compliance with applicable administrative provisions on use of income from capital projects, enterprises meeting the relevant criteria may use capital account income (including capital funds, foreign debt and proceeds from overseas listings) for domestic payments without providing transaction-by-transaction supporting documents to banks in advance.

On June 9, 2016, the SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “**Circular 16**”), which was amended on December 4, 2023. It provides that enterprises registered in China may independently decide on the settlement of foreign debt. Circular 16 standardizes the regulatory requirements for foreign exchange settlement under capital accounts (including foreign exchange capital and foreign debt funds) and applies to all enterprises registered in China.

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Dividend Distribution

On January 26, 2017, the SAFE promulgated the Notice on Improving the Verification of Authenticity and Compliance to Further Promote Foreign Exchange Administration (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which clarifies relevant foreign exchange administration requirements regarding the remittance of profits from domestic entities to offshore entities. Key requirements include: (i) under the principle of genuine transactions, banks shall review board resolutions on profit distribution, original tax filing records and audited financial statements; and (ii) domestic entities shall offset accumulated losses of previous years before remitting profits. Meanwhile, domestic entities are required to provide detailed explanations of sources of funds and intended use, and submit supporting documents such as board resolutions and investment contracts when completing registration procedures in connection with overseas investments.

Individual Income Tax

The Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) was promulgated by the SCNPC on September 10, 1980 and most recently revised on August 31, 2018, which came into effect on January 1, 2019; the Implementing Regulations of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》) were most recently revised by the State Council on December 18, 2018 and came into effect on January 1, 2019. These laws and regulations provide that dividend and bonus income derived by individual investors from PRC domestic enterprises (regardless of whether such income is paid within or outside the PRC) shall be subject to individual income tax at a tax rate of 20%, which shall be withheld by the PRC domestic enterprises paying such income, except for tax-exempt income under applicable international treaties and agreements to which the PRC Government is a party and other exemptions or reductions provided by the State Council.

Meanwhile, pursuant to the aforesaid laws and regulations, gains derived by individuals from the transfer of property (including securities, equity interests and partnership interests) are subject to individual income tax at the rate of 20%. The Circular on the Continued Exemption of Individual Income Tax on Income from the Transfer of Shares by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(Cai Shui Zi [1998] No. 61)), jointly issued and implemented by the MOF and the SAT on March 30, 1998, provides that, from January 1, 1997, gains derived by individuals from the transfer of shares of listed companies shall continue to be temporarily exempt from individual income tax.

EIT

The EIT Law promulgated by the NPC on March 16, 2007, came into effect on January 1, 2008, and was amended on February 24, 2017 and December 29, 2018; the Implementation Regulations of Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), which were promulgated by the State Council on December 6, 2007, came into effect on January 1, 2008, and were amended on April 23, 2019 and December 6, 2024. The aforementioned laws and regulations serve as the core basis for the administration and collection of EIT.

It is stipulated that enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but have no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but derive income from the PRC.

REGULATORY OVERVIEW

Resident enterprises, and non-resident enterprises that have set up institutions or sites in the PRC where the income obtained by the said enterprises has an actual connection with such institutions or sites, shall pay EIT at a rate of 25% on their income sourced from within and outside the PRC. Non-resident enterprises that have not set up institutions or sites in the PRC, or have set up institutions or sites but whose income has no actual connection with such institutions or sites, shall pay EIT at a rate of 10% on their income sourced from the PRC.

The Circular on Issues Relating to the Withholding and Remittance of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-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》), issued by the SAT on November 6, 2008 and effective from the same date, further clarified that a PRC resident enterprise shall withhold EIT at a rate of 10% on dividends distributed from 2008 onwards to overseas non-resident enterprise shareholders of H shares.

Pursuant to the relevant laws and regulations on EIT, income from equity investment between qualified resident enterprises, such as dividends and bonuses (which refer to investment income derived by a resident enterprise from direct investment in another resident enterprise), is tax-exempt income.

The Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) was promulgated by the SAT on August 21, 2006 and was most recently amended by the Fifth Protocol, ratified by the SAT on July 19, 2019, which came into effect on December 6, 2019. It is stipulated that where a PRC resident enterprise distributes dividends to its Hong Kong shareholders, such dividends shall be subject to PRC income tax according to PRC laws; where the beneficial owner of the dividends is a Hong Kong resident enterprise that directly holds no less than 25% equity interests of the enterprise distributing the dividends, the tax levied shall not exceed 5% of the total amount of the dividends; where the beneficial owner of the dividends is a Hong Kong resident enterprise that directly holds less than 25% equity interests of the enterprise distributing the dividends, the tax levied shall not exceed 10% of the total amount of the dividends.

The Announcement of the State Taxation Administration on Certain Issues Concerning the “Beneficial Owners” in the Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), promulgated by the SAT on February 3, 2018 and came into effect on April 1, 2018, clarifies the circumstances that are unfavorable for the determination of “beneficial owner”.

In addition, under the Circular of the SAT on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated by the SAT and came into effect on February 20, 2009, all of the following requirements shall be satisfied for a tax resident of the other contracting party to be entitled to the preferential tax treatment under the tax treaty with respect to dividends paid by a PRC resident enterprise: (i) such tax resident shall be a company as defined in the tax treaty; (ii) the equity interests and voting shares of the PRC resident enterprise directly owned by such tax resident shall reach the specified percentage; and (iii) the capital ratio directly owned by such tax resident shall meet the percentage specified in the tax treaty at any time within 12 consecutive months preceding to the receipt of the dividends.

VAT

The current core legal basis for the collection and administration of VAT in China is the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》).

This law was adopted by the Standing Committee of the 14th National People’s Congress at its 13th meeting on December 25, 2024, and officially came into force on January 1, 2026, replacing the former Interim Regulations of the People’s Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》) and becoming the fundamental overarching law in China’s VAT regime, thereby comprehensively establishing the statutory framework for the collection and administration of VAT.

REGULATORY OVERVIEW

The original Interim Regulations of the People’s Republic of China on Value-Added Tax were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994, and were subsequently amended on November 10, 2008, February 6, 2016, and November 19, 2017; the corresponding Implementing Rules for the Interim Regulations of the People’s Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), which were promulgated by the Ministry of Finance and became effective on December 25, 1993, and were amended on December 15, 2008 and October 28, 2011. Any provisions in the aforementioned Interim Regulations and their implementing rules that are inconsistent with the provisions of the Value-Added Tax Law of the People’s Republic of China upon its entry into force shall cease to apply from January 1, 2026.

The Value-Added Tax Law of the People’s Republic of China expressly provides that entities and individuals selling goods, services, intangible assets or real estate, and importing goods within the territory of the PRC are VAT taxpayers and shall pay VAT in accordance with the provisions of the law. China’s VAT system has undergone multiple rounds of reform and optimization, and the current tax rate structure has been formally codified into law. Specifically: for taxpayers selling goods, providing processing, repair and maintenance services, leasing tangible movable property, or importing goods, the tax rate is 13%, unless otherwise stipulated by law; 9% applies to the provision of transportation, postal, basic telecommunications, construction and real estate leasing services, the sale of immovable property, the transfer of land use rights, and the sale or importation of specified livelihood-related and agriculture-related goods as stipulated by the State Council; the tax rate is 6% for taxpayers providing value-added telecommunications services, financial services, modern services, consumer services, and intangible assets (excluding the transfer of land use rights); a zero tax rate applies to the export of goods by taxpayers, and to the cross-border provision of services and intangible assets by domestic entities and individuals within the scope prescribed by the State Council.

Tax Treaties

Non-PRC resident investors residing in countries that have entered into treaties for the avoidance of double taxation with the PRC, or residing in the Hong Kong or Macau Special Administrative Regions, shall be entitled to preferential tax rates on dividends from PRC companies. China has entered into double taxation avoidance arrangements with the Hong Kong and Macao Special Administrative Regions, and has entered into double taxation avoidance agreements with several other countries, including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise that is entitled to a preferential tax rate under a relevant tax treaty or arrangement may apply to the PRC tax authorities for a refund of the difference between the amount of tax withheld and the amount of tax calculated according to the preferential tax rate stipulated in the relevant treaty or arrangement, and such application shall be subject to approval by the PRC tax authorities.

9. Overseas Offering and Listing of Securities by Domestic Enterprises

Overseas Listing

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five supporting guidelines. The Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offerings and listings of securities by PRC domestic companies and regulate both direct and indirect overseas offerings and listings of securities by PRC domestic companies through a filing-based regulatory regime.

According to the Trial Measures, a domestic company seeking a direct overseas offering and listing shall file with the CSRC, submit a filing report, legal opinions, and other relevant materials as required under the Trial Measures, and disclose shareholder information and other relevant matters in a truthful, accurate, and complete manner. Where a domestic company submits an application for an initial public offering to competent overseas regulators, it shall complete the filing with the CSRC within three business days after such application is submitted. The Trial Measures also require subsequent reports to be filed

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with the CSRC upon the occurrence of material events, such as a change of control or the voluntary or involuntary delisting of an issuer that has completed an overseas offering and listing. If an issuer fails to complete the filing procedures, conceals any material fact, or falsifies any material content in its filing documents, it may be subject to administrative penalties, such as orders to rectify, warnings, and fines. Its controlling shareholders, actual controllers, the persons directly in charge, and other directly liable persons may also be subject to administrative penalties, including warnings and fines.

On the same day, the CSRC also held a press conference regarding the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), further clarifying that a domestic company that has already obtained the approval from the CSRC for an overseas public offering and listing may proceed with such listing within the validity period of the approval. Where the overseas listing has not been completed upon the expiration of such approval, the filing procedures under the Trial Measures shall be completed as required.

Overseas Listing Confidentiality and Archives Administration

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on March 31, 2023. It is stipulated that, in overseas offering and listing activities conducted by domestic enterprises, such domestic enterprises, as well as securities companies and securities service institutions providing relevant services, shall strictly comply with applicable laws and regulations of the People’s Republic of China and the requirements of these Provisions, enhance awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives management systems, and take necessary measures to fulfill their confidentiality and archives administration obligations.

They shall not divulge state secrets or work secrets of state organs, or otherwise harm the interests of the state or the public.

Where a domestic enterprise provides or publicly discloses documents or information involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities, or other entities or individuals, or does so through its overseas listing entity, it shall obtain approval from the competent authorities with the requisite approval authority in accordance with the law and file a record with the confidentiality administrative department at the same level. Where a domestic enterprise provides or publicly discloses other documents or materials, the divulgence of which may have an adverse impact on national security or public interest, it shall strictly undergo the relevant procedures in accordance with applicable state regulations.

“Full Circulation” of H Shares

“Full circulation” refers to the listing and trading on a stock exchange of previously unlisted domestic shares of an H-share listed company, 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.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a leading clinical-stage biopharmaceutical company and a pioneer and leader in the field of live biotherapeutic products in China. Our Company was established in the PRC with limited liability in September 2013 and is headquartered in Guangzhou. Since our establishment, with the strategic guidance of Dr. Zhi Fachao, our Chairman of the Board, and the execution of our management team, we have built a portfolio of six drug candidates, including our Core Product SK08, one key product and four other products, across gastrointestinal diseases, oncology, cancer therapy-related complications, metabolic disorders, and autoimmune diseases. For more details of Dr. Zhi and our other Directors and senior management, please see the section headed “Directors and Senior Management.”

KEY DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our development:

Year	Milestone
2013	Our Company was established as a limited liability company in Guangzhou, the PRC, under the former name of Guangzhou Zhiyi Biotechnology Co., Ltd.* (廣州知易生物科技有限公司).
	We commenced preclinical study of SK08.
2016	We completed safety evaluation for SK08 in China.
2017	We completed the construction of our R&D center and production site in Guangzhou.
	SK08 was highlighted as a representative global LBP candidate on <i>Nature Microbiology</i> .
	We completed Angel Financing in November 2017.
2018	Our Company was selected to participate in the Guangzhou Innovation Leading Team Project (廣州市創新領軍團隊), a major research and development funding program for innovative enterprises.
	We completed Series A Financing in September 2018.
2019	We received the IND approval from the NMPA for SK08 in the treatment of IBS and UC in November 2019.
	SK08 was selected to take part in the Guangdong Provincial Major Special Program for New Drug Innovation and Development (廣東省重大新藥創制專項).
2020	We completed the phase I clinical trial for SK08.
	We completed Series B-1 Financing in December 2020.
2021	We commenced the phase II clinical trial for SK08.
	We completed Series B-2 Financing in October 2021.
	We established Guangdong Provincial Engineering Research Center for Live Biotherapeutic Products (廣東省活體生物藥工程技術研究中心).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2022	We completed Series B-3 Financing in July 2022. We completed the Phase II clinical trial for SK08 in the treatment of IBS-D in September 2022. We obtained IND approval from the FDA for SK10 regarding CID indication. Our manufacturing platform successfully undergone compliance assessment for the production of the raw material AKK AM06™.
2023	We received formal confirmation from the CDE that it had no objection to our initiation of the Phase III clinical trial for the IBS-D treatment in August 2023.
2024	We commenced the Phase III clinical trial of SK08 in March 2024. We completed the phase I clinical trial for SK10 in the United States. We completed Series C-1 and C-2 Financings in 2024. We received the IND approval from the NMPA for a Phase II clinical trial of SK08 in the treatment of pediatric rotavirus diarrhea in September 2024.
2025	We received the approval for conducting a phase II clinical trial for SK08 from the FDA in the treatment of UC.
2026	We completed Series C-3 Financing in March 2026. In June 2026, we received the Acceptance Notice of the IND application from the CDE for a Phase II clinical trial of SK10 in China regarding prevention and treatment of CID.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we had two major subsidiaries which made material contribution to our Group during the Track Record Period. Each of our major subsidiaries is wholly owned by our Company. The following table sets forth the principal business activities, date and place of establishment of our major subsidiaries:

Name of major subsidiary	Principal business activities	Date and jurisdiction of establishment
Guangzhou Puwei Junjian . . .	Manufacturing and sales of NGP raw materials products	September 26, 2016, the PRC
Shijiazhuang Puwei	Research and development of LBPs and NGPs	July 27, 2020, the PRC

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

A. Establishment and Early Shareholding Changes of Our Company

On September 17, 2013, our Company was established as a limited liability company in the PRC with an initial registered capital of RMB2,000,000. The Company was held by (a) Dr. Zhi through nominee arrangement as to 40%, (b) Guangdong Zhiguang Biotechnology Co., Ltd.* (廣東知光生物科技有限公司, “Guangdong Zhiguang”), as to 40%, which is ultimately controlled by Independent Third Parties as of the Latest Practicable Date, and (c) Zhuhai Junlikang Investment Co., Ltd.* (珠海俊利康投資有限公司) as to 20%, which is ultimately controlled by Yang Jun (楊軍), a limited partner of Zhuhai Yichangda. During the establishment and incubation stage of our Company, Guangdong Zhiguang provided some early support to us. See “Business — Research and Development — Early Support from Guangdong Zhiguang”.

After establishment, our Company underwent several shareholding changes and capital increases. In particular, (i) Guangdong Zhiguang transferred part of its equity interests in our Company to Dr. Liu Yangyang in April 2015, and subsequently transferred its remaining equity interests in our Company to Wang Xiaohui (王曉輝), a limited partner of Zhuhai Yichangda in April 2017, following which Guangdong Zhiguang ceased to be a Shareholder of our Company; (ii) certain then individual Shareholders transferred equity interests in our Company to third parties in accordance with their own investment objectives and ceased to hold any interests in our Company; and (iii) the remaining individual Shareholders became limited partners of Zhuhai Yichangda to streamline our shareholding structure and facilitate the introduction of institutional investors. As of August 2017, our Company was held by the following Shareholders:

Shareholders	Registered capital subscribed for	Corresponding equity interest in our Company
Zhuhai Yichangda ⁽¹⁾⁽²⁾	RMB7,770,000	92.50%
Dr. Wang Ye ⁽³⁾	RMB350,000	4.17%
Dr. Liu Yangyang ⁽⁴⁾	RMB280,000	3.33%
Total	RMB8,400,000	100.00%

Notes:

- (1) Since the establishment of our Company and up to April 2017, Dr. Zhi’s entire equity interests in the Company were held through Sun Hong and Sun Rong, each being relatives of Dr. Zhi. Such nominee shareholding arrangements had been terminated and the relevant equity interests were transferred back to Dr. Zhi in April 2017. There was no monetary consideration paid for entering into such nominee shareholding arrangements. As of the Latest Practicable Date, there had been no legal proceedings among Dr. Zhi or his nominees in respect of the aforesaid nominee shareholding arrangements. Our PRC Legal Advisor has confirmed that the nominee shareholding arrangements do not violate any applicable mandatory PRC laws and regulations.
- (2) Zhuhai Yichangda is a limited partnership established in the PRC in March 2017, and is controlled by its sole general partner, Dr. Zhi, our Chairman of the Board. On May 15, 2017, certain of our then Shareholders, namely Dr. Zhi, Wang Xiaohui (王曉輝) (a former Director), Li Xuexiang (李雪香) (a non-executive Director), Liang Xiongxin (梁雄信) (a former Director), Xie Hongjun (謝紅軍) and Peng Xiangling (彭湘玲) (a former supervisor), transferred their entire equity interests in the Company, amounting to RMB2.66 million, RMB2.66 million, RMB0.7 million, RMB0.7 million, RMB0.56 million and RMB0.49 million of registered capital in our Company to Zhuhai Yichangda at the aggregate consideration of RMB7.77 million. The consideration was determined with reference to the amount of registered capital transferred. For details of Zhuhai Yichangda, please see “— Capitalization of our Company” in this section.
- (3) In June 2014 and December 2014, Dr. Wang Ye, our executive Director and general manager, subscribed for registered capital of our Company in the amount of RMB250,000 and RMB100,000 at a consideration of RMB250,000 and RMB100,000, respectively. The consideration was determined with reference to, among other things, the then early development stage of our Company and Dr. Wang Ye’s role and contributions to the Group.
- (4) In April 2015, Dr. Liu Yangyang acquired registered capital of our Company in the amount of RMB140,000 and RMB140,000 from (i) Dr. Zhi at nil consideration and (ii) Guangdong Zhiguang, at consideration of RMB140,000, respectively. The consideration was determined with reference to, among other things, the then early development stage of our Company and Dr. Liu Yangyang’s role and contributions to the Group.

B. Pre-[REDACTED] Investments

From August 2017 to March 2026, we underwent several rounds of Pre-[REDACTED] Investments with our Pre-[REDACTED] Investors. For further details, please refer to the paragraphs headed “— Pre-[REDACTED] Investments” in this section.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

C. Further Changes in Registered Capital in 2018

In April 2018, to incentivise our key management, Dr. Wang Ye and Dr. Liu Yangyang, were offered to subscribe for RMB144,000 and RMB96,000 of registered capital of our Company at considerations of RMB600,000 and RMB400,000, respectively. The considerations were determined with reference to, among other things, the then development stage and valuation of our Company, as well as their respective roles and contributions to the Group as members of our senior management. Upon completion of the capital increase, the registered capital of our Company had increased to RMB12 million.

D. Conversion into a Joint Stock Company with Limited Liability

On April 24, 2025, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters’ agreement entered into by all the then Shareholders on April 24, 2025, all promoters approved the conversion of RMB126,093,236.79 in net asset value of our Company as of February 28, 2025 into 30,104,120 Shares at par value of RMB1.0 each, with the remaining RMB95,989,116.79 in net assets converted into capital reserves of our Company. The 30,104,120 Shares were issued to the then Shareholders of our Company in proportion to their capital contribution to our Company. Upon completion of the conversion on July 31, 2025, our Company was converted into a joint stock company with limited liability, and renamed as Guangzhou Zhiyi Biotechnology Co., Ltd. (廣州知易生物科技股份有限公司) and the shareholding structure of our Company was as follows:

Shareholders/Promoters	Number of Shares	Shareholding
1. Zhuhai Yichangda (珠海益暢達)	11,430,037	37.9683%
2. SDIC Shanghai Fund (國投上海基金)	1,920,000	6.3779%
3. Qingkong Jinxin (清控金信)	1,520,000	5.0491%
4. Puen Guoxing (普恩國新)	1,440,000	4.7834%
5. SDIC Greater Bay Area Fund (國投大灣區基金)	1,377,642	4.5763%
6. Jinxin Yunrong (金信雲融)	1,281,648	4.2574%
7. Jinxin Yuanhui (金信沅匯)	1,247,015	4.1423%
8. Hongtu Chuangye (紅土創業)	1,200,000	3.9862%
9. Dr. Liu Yangyang (劉洋洋)	1,147,963	3.8133%
10. Dr. Wang Ye (王曄)	975,776	3.2413%
11. Yueke Qingyuan (粵科清遠)	961,933	3.1954%
12. JingDe (Guangzhou) (景得(廣州))	960,000	3.1889%
13. Zhuhai Xinrui (珠海昕睿)	786,138	2.6114%
14. Huiju Xinxing (匯聚新星)	551,057	1.8305%
15. Heli Chuangxing (合利創興)	551,057	1.8305%
16. Yueke Zhiyi (粵科知易)	437,243	1.4524%
17. Hongtu Tianke (紅土天科)	400,000	1.3287%
18. Shenzhen Capital Group (深創投)	400,000	1.3287%
19. Wuyun Shuixiang (吳韻水鄉)	346,386	1.1506%
20. Zhuhai Lehong (珠海樂泓)	288,000	0.9567%
21. Guangdong Yurui (廣東餘睿)	267,263	0.8878%
22. Jinxin Anzhuo (金信安琢)	173,223	0.5754%
23. Aike Ruiyan (愛科瑞研)	153,035	0.5084%
24. Yueke Huaqian (粵科華仟)	109,311	0.3631%
25. Jinxin Qingyun (金信清雲)	80,000	0.2657%
26. Jinxin Qingrui (金信清睿)	69,265	0.2301%
27. Kerui Investment (科瑞投資)	21,862	0.0726%
28. Huangpu Chuangjia (黃埔創嘉)	8,266	0.0275%
Total	30,104,120	100.0000%

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COMPLIANCE WITH PRC LAWS AND REGULATION

Our PRC Legal Advisor confirmed that all material regulatory approvals in relation to the equity transfers, conversion into joint stock limited company and the capital increases as described in this section were properly and legally completed and all necessary approvals, filings and registrations from the relevant PRC authorities have been obtained and completed.

PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEMES

In recognition of the contributions of our management and employees and to incentivize them to further promote our development, the then Shareholders approved and our Company adopted the 2017 Employee Incentive Scheme in May 2017 and the 2023 Employee Incentive Scheme in November 2023.

For the purpose of satisfying awards to be granted under the 2017 Employee Incentive Scheme, in January 2020, Dr. Liu Yangyang and Dr. Wang Ye subscribed for RMB400,000 and RMB240,000 of registered capital of our Company at considerations of RMB400,000 and RMB240,000, respectively. For the purpose of satisfying awards to be granted under the 2023 Employee Incentive Scheme, in December 2023, (a) Dr. Liu Yangyang acquired RMB185,981.5 of registered capital of our Company from Zhuhai Yichangda and subscribed for RMB185,981.5 of registered capital of our Company at considerations of RMB562,500 and RMB562,500, respectively; and (b) Dr. Wang Ye acquired RMB185,981.5 of registered capital of our Company from Zhuhai Yichangda and subscribed for RMB55,794.5 of registered capital of our Company at considerations of RMB562,500 and RMB168,750, respectively. Save for the awards granted to Dr. Liu Yangyang and Dr. Wang Ye, the awards granted to other grantees were held through our Employee Incentive Platform, Zhuhai Xinrui in the form of partnership interests.

Zhuhai Xinrui is our Employee Incentive Platform established in the PRC in March 2020. As of the Latest Practicable Date, Zhuhai Xinrui held approximately 2.56% of our issued Shares. All awards under the Pre-[REDACTED] Employee Incentive Schemes were granted to specified participants as of the Latest Practicable Date, and the Pre-[REDACTED] Employee Incentive Schemes do not involve any grant of new awards by the Company after the [REDACTED]. No further Shares will be issued pursuant to the Pre-[REDACTED] Employee Incentive Schemes followings the [REDACTED].

According to the partnership agreements of Zhuhai Xinrui, all management power and voting rights of Zhuhai Xinrui reside with its executive and general partner, being Dr. Liu Yangyang (our deputy general manager). As of the Latest Practicable Date, the limited partners of Zhuhai Xinrui are the respective grantees under the Pre-[REDACTED] Employee Incentive Schemes. Dr. Liu Yangyang held approximately 0.48% partnership interests in Zhuhai Xinrui, and the remaining approximately 99.52% partnership interests in Zhuhai Xinrui was held by 24 limited partners, including (i) Mr. Li Ping (our deputy general manager), holding approximately 16.47% partnership interest in Zhuhai Xinrui, (ii) Dr. Wang Ye (our executive Director and general manager), holding approximately 11.41% partnership interest in Zhuhai Xinrui, (iii) Mr. Cao Guangchun (our chief financial officer), holding approximately 11.13% partnership interest in Zhuhai Xinrui, and (iv) Ms. Wang Wei (our deputy general manager), holding 9.09% partnership interest in Zhuhai Xinrui, and (v) 20 other employees of our Group, none of whom held more than 10% of the partnership interests therein. For further details of the Pre-[REDACTED] Employee Incentive Schemes, see “Statutory and General Information — C. Pre-[REDACTED] Employee Incentive Schemes” in Appendix IV to this Document.

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company’s business, to strengthen our Company’s working capital and to further raise our business profile and global presence. For further details of our future plans, see “Future Plans and Use of [REDACTED]”.

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DETAILS OF THE PRE-[REDACTED] INVESTMENTS

1. Principal Terms of the Pre-[REDACTED] Investments

No.	Round	Form of investment	Date of agreement	Date of full settlement of consideration	Investors	Registered capital subscribed or transferred	Total consideration	Cost per Share ⁽¹⁾	Post-money valuation of our Company (approximately) ⁽¹⁾⁽⁶⁾	[REDACTED] to the [REDACTED] ⁽²⁾
1. . .	Angel Financing	Subscription of new Share capital by cash	August 11, 2017	November 9, 2017	Zhuhai Yichangda	RMB2.31 million	RMB32 million	RMB9.52	RMB112 million	[REDACTED]%
2. . .	Series A Financing	Subscription of new Share capital by cash	August 7, 2018	September 6, 2018	Jiaxing Junzhong (嘉興君重) ⁽³⁾ Qingkong Jinxin (清控金信) Hongtu Chuangye (紅土創業) Shangdong Meiyu (尚東美樂) ⁽⁴⁾ Shenzhen Capital Group (深創投)	RMB1.05 million RMB1.52 million RMB1.2 million RMB400,000 RMB400,000	RMB50 million	RMB12.5	RMB200 million	[REDACTED]%
3. . .	Series B-1 Financing	Share transfer from existing Shareholder Subscription of new Share capital by cash	October 17, 2018 December 14, 2020; March 15, 2021	August 7, 2018 December 25, 2020	Hongtu Tianke (紅土天科) Jinxin Qingyun (金信清雲) Zhuhai Yichangda ⁽³⁾ Zhuhai Yichangda Zhuhai Lehong (珠海樂泓) SDJC Shanghai Fund (國投上海基金) JingDe (Guangzhou) (景得(廣州)) Puen Guoxin (普恩國新) ⁽⁵⁾	RMB400,000 RMB80,000 RMB1.05 million RMB672,000 RMB288,000 RMB1,920,000 RMB960,000 RMB1,440,000	RMB11,812,500 RMB110 million	RMB11.25 RMB20.83	RMB180 million RMB460 million	N/A [REDACTED]%

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No.	Round	Form of investment	Date of agreement	Date of full settlement of consideration	Investors	Registered capital subscribed or transferred	Total consideration	Cost per Share ⁽¹⁾	Post-money valuation of our Company (approximately) ^{(1),(6)}	[REDACTED] to the [REDACTED] ⁽²⁾
4. . .	Series B-2 Financing	Subscription of new Share capital by cash	September 28, 2021	October 22, 2021	Jinxin Yunrong (金信雲融) Jinxin Yuanhui (金信沅匯) Wuyun Shuixiang (吳韻水鄉) Jinxin Anzhuo (金信安琢) Jinxin Qingrui (金信清睿) Jinxin Yunrong (金信雲融) Jinxin Yuanhui (金信沅匯) Wuyun Shuixiang (吳韻水鄉) Jinxin Anzhuo (金信安琢) Jinxin Qingrui (金信清睿)	RMB1,117,248 RMB1,087,015 RMB301,986 RMB150,823 RMB60,465 RMB164,400 RMB160,000 RMB44,400 RMB22,400 RMB8,800	RMB80 million	RMB29.44	RMB730 million	[REDACTED]%
5. . .	Series B-3 Financing	Share transfer from existing Shareholders ⁽⁴⁾ Subscription of new Share capital by cash	September 29, 2021 May 31, 2022; June 30, 2022	November 9, 2021 July 26, 2022	Jinxin Yuanhui (金信沅匯) Wuyun Shuixiang (吳韻水鄉) Jinxin Anzhuo (金信安琢) Jinxin Qingrui (金信清睿) Huiju Xinxing (匯聚新星) Huangpu Chuangjia (黃埔創嘉) SDIC Greater Bay Area Fund (國投大灣區基金) Heli Chuangxing (合利創興) Guangdong Yunui (廣東餘睿) Yueke Qingyuan (粵科清遠) Yueke Huaqian (粵科華仟) Aike Ruiyan (愛科瑞研) Kerui Investment (科瑞投資) Yueke Zhiyi (粵科知易)	RMB164,400 RMB160,000 RMB44,400 RMB22,400 RMB8,800 RMB551,057 RMB8,266 RMB1,377,642 RMB551,057 RMB267,263 RMB961,933 RMB109,311 RMB153,035 RMB21,862 RMB437,243	RMB10 million RMB100 million	RMB23.00 RMB36.29	RMB619.94 million RMB1,000 million	N/A [REDACTED]%
6. . .	Series C-1 Financing	Subscription of new Share capital by cash	March 21, 2024	April 7, 2024	Gongqingcheng Tiananma (共青城天岸馬) Zhuhai Lehong (珠海樂泓)	RMB437,242 RMB131,173	RMB57 million	RMB45.74	RMB1,357 million	[REDACTED]%
7. . .	Series C-2 Financing	Subscription of new Share capital by cash	July 18, 2024	July 23, 2024		RMB437,243	RMB20 million	RMB45.74	RMB1,377 million	[REDACTED]%
8. . .	Series C-3 Financing	Subscription of new Share capital by cash	March 10, 2026	March 31, 2026		RMB437,242	RMB26 million	RMB45.74	RMB1,403 million	[REDACTED]%

Notes:

- (1). The cost per Share paid by the Pre-[REDACTED] Investors was calculated based on the amount of investment made by the relevant Pre-[REDACTED] Investors and the number of Shares acquired in each respective round of investment, taking into account the conversion of our Company from a limited liability company to a joint stock limited liability company on July 31, 2025. The post-money valuation of our Company equals the total consideration paid by each round of Pre-[REDACTED] Investors divided by the percentage of equity interests held of such investors immediately following their investments.

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- (2). The [REDACTED] to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED]).
- (3). On October 17, 2018, Jiaxing Junzhong Zhizhou Investment Partnership (Limited Partnership) (嘉興君重知州投資合夥企業(有限合夥)), “Jiaxing Junzhong”) transferred its entire equity interest in our Company, representing registered capital amounting to RMB1.05 million, to Zhuhai Yichangda at a consideration of RMB11.8125 million. The consideration was determined after arm’s length negotiations between the parties with reference to, among other things, the amount of registered capital transferred. Jiaxing Junzhong’s original investment cost and the then valuation of our Company. The consideration was fully settled in August 2018, and accordingly, Jiaxing Junzhong ceased to be our Shareholder.
- (4). On September 29, 2021, Guangzhou Shangdong Meiyu Business Consulting Center (Limited Partnership) (廣州尚東美禦商務諮詢中心(有限合夥)), “Shangdong Meiyu”) transferred its 0.6630%, 0.6452%, 0.1791%, 0.0903% and 0.0355% equity interests in our Company, which represented the registered capital of RMB164,400, RMB160,000, RMB44,400, RMB22,400 and RMB8,800 to Jinxin Yunrong (金信源融), Jinxin Yuanhui (金信源匯), Wuyun Shuixiang (吳韻水鄉), Jinxin Anzhuo (金信安琢) and Jinxin Qingrui (金信清睿) at considerations of RMB4.11 million, RMB4 million, RMB1.11 million, RMB0.56 million and RMB0.22 million, respectively. The consideration was determined based on arm’s length negotiation taking into account the registered capital of our Company. The consideration was fully settled in November 2021, and accordingly, Shangdong Meiyu ceased to be our Shareholder.
- (5). In September 2020, Puen Guoxin subscribed for 30% equity interest in our subsidiary, Shijiazhuang Puwei at a consideration of RMB30.0 million. In March 2021, Puen Guoxin transferred such 30% equity interest in Shijiazhuang Puwei to our Company at a consideration of RMB30.0 million, which was determined with reference to a valuation report issued by an Independent Third Party, and subscribed for RMB1.44 million of registered capital of our Company as consideration for such transfer, following which Shijiazhuang Puwei became a wholly-owned subsidiary of our Company.
- (6). The increase in the valuation of our Company across different financing rounds was primarily determined after arm’s length negotiations with the relevant investors, taking into account, among other things, the development progress of our pipeline products, the valuation of comparable biopharmaceutical companies at similar development stages and the then market conditions. The primary reasons for the material increases in the valuation of our Company are set forth below:
 - (i) from the Series A Financing to the Series B-1 Financing, the increase in valuation was primarily attributable to the further development of our pipeline products. In particular, SK08 had completed Phase I clinical trial and was contemplating Phase II clinical trial, and several other pipeline products were also progressing rapidly.
 - (ii) from the Series B-1 Financing to the Series B-2 Financing, the increase in valuation was primarily attributable to the further clinical advancement of SK08. In particular, SK08, the first live biotherapeutic product in China to have entered the clinical trial stage, had obtained approval to conduct Phase II clinical trial, and several other pipeline products of our Company were being prepared for IND submissions.
 - (iii) from the Series B-2 Financing to the Series B-3 Financing, the increase in valuation was primarily attributable to the continued progress of SK08 and the broader advancement of our pipeline products. In particular, the Phase II clinical study of SK08 for IBS-D was expected to be completed by the end of 2022, SK08 in combination with PD-1 inhibitors had obtained approval to conduct clinical trial for the treatment of advanced solid tumors, and several other pipeline products were progressing toward IND submissions.
 - (iv) from the Series B-3 Financing to the Series C Financings, the increase in valuation was primarily attributable to the advancement of our key products into later clinical stages. In particular, SK08 had commenced Phase III clinical trial in China, and SK10 had obtained IND clearance from the FDA and completed Phase I clinical trial in the U.S.

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Lock-up period	As required under the applicable PRC law, all existing Shareholders (including all Pre-[REDACTED] Investors) shall not dispose of any of the Shares held by them at the time of the proposed [REDACTED] within the 12 months following the [REDACTED].
Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds we received from the Pre-[REDACTED] Investments involving capital increase to the Pre-[REDACTED] Investors for our principal business, including but not limited to the growth and expansion of our Company’s business and general working capital purposes. As of the Latest Practicable Date, approximately 80% of the net proceeds from the Pre-[REDACTED] Investments had been utilized.
Basis of determination of the valuation and consideration	The consideration of the Pre-[REDACTED] Investments were determined based on arm’s length negotiation between our Company and the Pre-[REDACTED] Investors with reference to among others, (i) the status of our business operations and financial performance at the relevant time, including the progress of our Company’s research and development and status of clinical trials of our Core Product and key product, (ii) the business value of the Company and its subsidiaries at the time of the Pre-[REDACTED] Investments, and (iii) the market conditions and the market value of comparable companies at the relevant time.
Strategic benefits of the Pre-[REDACTED] Investments	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-[REDACTED] Investors’ investments in our Company and their knowledge and experience. In particular, we believe that the investments from reputable and seasoned financial investors demonstrated their commitment and confidence in our Company’s innovation and management methodology.

2. Special Rights of the Pre-[REDACTED] Investors

Our Company and our Pre-[REDACTED] Investors have entered into certain investment agreements and/or shareholders’ agreements, pursuant to which such relevant Pre-[REDACTED] Investors were granted certain special rights in relation to our Company, including, among others, information rights, anti-dilution rights, redemption rights, rights of first refusal and tag-along right, liquidation preferences, director appointment rights, transfer of investor rights in a follow-on investment and most favoured nation clauses. Pursuant to a supplemental agreement entered into by our Company with our Pre-[REDACTED] Investors and the then Shareholders of the Company (the “**Supplemental Agreement**”), except for the redemption rights as described below, all other special rights shall cease to be effective and be discontinued upon [REDACTED].

Pursuant to the Supplemental Agreement, the redemption rights which are exercisable solely against the Controlling Shareholders and do not impose any redemption obligation on our Company, shall be terminated with effect from the day immediately preceding the submission of the [REDACTED] to the Stock Exchange (the “[REDACTED]”). Such redemption rights shall be automatically reinstated with immediate effect, if, among others, (i) our Company voluntarily withdraws the [REDACTED], (ii) the Joint Sponsors withdraw its sponsorship of the [REDACTED], (iii) the [REDACTED] is not accepted, rejected, disapproved or otherwise terminated or expired for any reason, and our Company fails to re-submit a [REDACTED] within six months thereafter, or (iv) our Company fails to complete the [REDACTED] within 18 months from the date of submission of the [REDACTED].

3. Joint Sponsors’ confirmation

On the basis that (i) the consideration for Pre-[REDACTED] Investments was settled more than 28 clear days before the date of first submission of the [REDACTED] to the Stock Exchange; and (ii) the termination of the special rights granted to the Pre-[REDACTED] Investors as disclosed in “— Special Rights of the Pre-[REDACTED] Investors” above, the Joint Sponsors confirm that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New [REDACTED].

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4. Information about the Pre-[REDACTED] Investors

SDIC Shanghai Fund, SDIC Greater Bay Area Fund and Shenzhen Capital Group, which made meaningful investment to us and will hold [REDACTED]%, [REDACTED]% and [REDACTED]% of our total issued Share capital upon the completion of the [REDACTED], respectively, are our Sophisticated Investors. To the best knowledge of our Directors, save as disclosed below, each of our Pre-[REDACTED] Investors and their respective ultimate beneficial owner (where applicable) is an Independent Third Party. Set out below are details of each of our Pre-[REDACTED] Investors as of the Latest Practicable Date.

Sophisticated Investors

Two funds managed by the general partners controlled by SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司, “SDIC VC”) made Pre-[REDACTED] Investments in our Company. Details of these two funds, and the same ultimate beneficial owner of the two funds’ respective general partners, SDIC VC, are set out below:

(i). SDIC Greater Bay Area Fund

National Science and Technology Achievement Transformation Entrepreneurship Investment Fund (Guangdong) Partnership Enterprise (Limited Partnership)* (國投(廣東)科技成果轉化創業投資基金合夥企業(有限合夥), “SDIC Greater Bay Area Fund”) is a limited partnership established in the PRC on December 16, 2020 and primarily engaged in equity investments. To the best of our Directors’ knowledge, SDIC Greater Bay Area Fund was managed by its sole general partner, Guotou (Guangdong) Venture Capital Management Co., Ltd.* (國投(廣東)創業投資管理有限公司), holding 0.5% partnership interest in SDIC Greater Bay Area Fund. To the best of our Directors’ knowledge, the remaining 99.5% partnership interest in SDIC Greater Bay Area Fund was held by 15 limited partners, including (i) National Development and Investment Group Co., Ltd.* (國家開發投資集團有限公司, “SDIC”), ultimately controlled by the SASAC holding approximately 20.67% partnership interest in SDIC Greater Bay Area Fund, and (ii) 14 other limited partners which each held no more than 20.00% partnership interest in SDIC Greater Bay Area Fund. To the best of our Directors’ knowledge, information and belief, the general partner and all the limited partners of SDIC Greater Bay Area Fund are Independent Third Parties.

(ii). SDIC Shanghai Fund

National Science and Technology Achievement Transformation Entrepreneurship Investment Fund (Shanghai) Partnership Enterprise (Limited Partnership)* (國投(上海)科技成果轉化創業投資基金企業(有限合夥), “SDIC Shanghai Fund”) is a limited partnership established under the laws of the PRC on March 4, 2016 and primarily engaged in equity investments. To the best of our Directors’ knowledge, SDIC Shanghai Fund was managed by its sole general partner, Guotou (Shanghai) Venture Capital Management Co., Ltd.* (國投(上海)創業投資管理有限公司), holding approximately 0.64% partnership interest in SDIC Shanghai Fund. To the best of our Directors’ knowledge, the remaining 99.36% partnership interest in SDIC Shanghai Fund was held by 10 limited partners, including (i) SDIC holding 26.85% partnership interest, and (ii) nine other limited partners each holding no more than 20.00% partnership interest in SDIC Shanghai Fund. To the best of our Directors’ knowledge, the general partner and all the limited partners of SDIC Shanghai Fund are Independent Third Parties.

Each of Guotou (Guangdong) Venture Capital Management Co., Ltd.* (國投(廣東)創業投資管理有限公司) and Guotou (Shanghai) Venture Capital Management Co., Ltd.* (國投(上海)創業投資管理有限公司) was controlled by SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司, “SDIC VC”). SDIC VC and its affiliates had over RMB100 billion of assets under management as of December 31, 2025. Its portfolio companies in biotech and healthcare sectors include, among others, RemeGen Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 9995), and Biocytogen Pharmaceuticals (Beijing) Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2315). As such, each of SDIC Greater Bay Area Fund and SDIC Shanghai Fund constitutes a sophisticated investor as defined under Chapter 2.3 of the Guide for New Listing Applicants.

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(iii). Shenzhen Capital Group

Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司, “**Shenzhen Capital Group**”) is a limited liability company established in the PRC on August 25, 1999 and is (i) ultimately controlled and directly owned as to 28.20% by State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會) as its largest shareholder, and (ii) as to 71.80% owned by the remaining shareholders and all being Independent Third Parties, with none of them holding 30% or more of the equity interests therein. As of date of this Document, the assets under management of Shenzhen Capital Group have exceeded the requirement of sophisticated investors with assets under management of HK\$1 billion, as set forth in Chapter 2.3 of the Guide for New Listing Applicants.

Other Pre-[REDACTED] Investors

JingDe (Guangzhou)

JingDe (Guangzhou) Equity Investment Partnership (LP)* (景得 (廣州)股權投資合夥企業(有限合夥), “**JingDe (Guangzhou)**”) is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of JingDe (Guangzhou) was Korea Investment Partners (Shanghai) Co., Ltd. (韓投夥伴(上海)創業投資管理有限責任公司), which was wholly owned by Korea Investment Partners Co., Ltd (“**KIP**”).

JingDe (Guangzhou) has five limited partners, among which, KIP KIS SEA-CHINA Fund (“**SEA-CHINA Fund**”) held approximately 53.27% partnership interest therein. The general partner of SEA-CHINA Fund was KIP. SEA-CHINA Fund had two limited partners, Korea Investment Securities Co., Ltd (“**KIS**”) and Korea Investment Value Asset Management Co., Ltd (“**KIVA**”), holding 83.67% and 7.03% of partnership interest therein, respectively. All of KIS, KIP and KIVA were wholly owned by Korea Investment Holding Co., Ltd. (stock code: 071050.KO). Except for the aforesaid, none of other limited partners of JingDe (Guangzhou) held 30% or more of partnership interest therein.

Jinxin Entities (Qingkong Jinxin, Jinxin Qingyun, Jinxin Yunrong and Jinxin Yuanhui)

Qingkong Jinxin: Qingdao Qingkong Jinxin Blue Microbial Venture Capital Center (Limited Partnership)* (青島清控金信藍色微生物創業投資中心(有限合夥), “**Qingkong Jinxin**”) is a limited partnership established under the laws of the PRC on July 26, 2017 and primarily engaged in equity investments. To the best of our Directors’ knowledge, Qingkong Jinxin was managed by its executive and general partner, Qingkong Jinxin Blue (Qingdao) Investment Management Co., Ltd.* (清控金信藍色(青島)投資管理有限公司, “**Qingkong Jinxin Blue Investment**”), holding 1.64% partnership interest in Qingkong Jinxin.

To the best of our Directors’ knowledge, Qingkong Jinxin Blue Investment was controlled by Beijing Qingkong Jinxin Investment Management Co., Ltd.* (北京清控金信投資管理有限公司, “**Jinxin Investment Management**”), which is in turn controlled by Beijing Ruida Chuangxin Investment Management Co., Ltd. (北京睿達創新投資管理有限公司, “**Beijing Ruida**”), a company controlled by Mr. Cao Da (曹達), a non-executive Director.

To the best of our Directors’ knowledge, the remaining 98.36% partnership interest in Qingkong Jinxin was held by five limited partners, including Blue Economy Zone Industrial Investment Fund (Limited Partnership) (藍色經濟區產業投資基金(有限合夥), “**Blue Investment**”) which held approximately 39.34% partnership interest in Qingkong Jinxin and four other limited partners each holding less than 20% partnership interests therein. Blue Investment was a limited partnership managed by its general partners, namely (a) Shandong Blue Economy Industrial Fund Management Co. Ltd (山東藍色經濟產業基金管理有限公司), a company held by Duan Xiufeng (段秀峰) and Shandong SASAC as to 40% and 40%, and (b) Hainan Yulin Private Equity Fund Management Partnership Enterprise (Limited Partnership) (海南昱林私募基金管理合夥企業(有限合夥)), which is controlled by its general partner, Jiang Shenglu (姜省路). Blue Investment has nine limited partners, including (i) Hainan Jieruitongda

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Investment Co., Ltd.* (海南捷瑞通達投資有限公司), holding approximately 45.59% partnership interest therein, which is ultimately wholly controlled by Duan Xiufeng (段秀峰), (ii) Shandong Marine Group Ltd.* (山東海洋集團有限公司), holding approximately 33.44% partnership interest therein, which is ultimately controlled by Shandong SASAC, and (iii) the other seven limited partners, each holding less than 20% partnership interest in Blue Investment. To the best of our Directors’ knowledge, information and belief, save as disclosed above, the general partner and limited partners of Qingkong Jinxin are Independent Third Parties.

Jinxin Qingyun: Nantong Jinxin Qingyun Venture Capital Center (Limited Partnership)* (南通金信清雲創業投資中心(有限合夥), “**Jinxin Qingyun**”) is a limited partnership established under the laws of the PRC on December 19, 2017 and primarily engaged in equity investments. To the best of our Directors’ knowledge, Jinxin Qingyun was managed by its executive and general partner, Nantong Jinxin Tongda Investment Management Co., Ltd.* (南通金信通達投資管理有限公司, “**Nantong Jinxin**”), a limited liability company ultimately controlled by Beijing Ruida, holding 0.62% partnership interest in Jinxin Qingyun. To the best of our Directors’ knowledge, the remaining 99.38% partnership interests in Jinxin Qingyun was held by 2 limited partners, including Qin Ling (秦嶺) holding 52.56% partnership interest and Ding Jianeng (丁佳能) holding 46.81% partnership interest in Jinxin Qingyun. To the best of our Directors’ knowledge, information and belief, save as disclosed above, the general partner and limited partners of Jinxin Qingyun are Independent Third Parties.

Jinxin Yunrong: Nantong Qingkong Jinxin Yunrong Investment Center (Limited Partnership)* (南通清控金信雲融投資中心(有限合夥), “**Jinxin Yunrong**”) is a limited partnership established under the laws of the PRC on December 21, 2020 and primarily engaged in equity investments. To the best of our Directors’ knowledge, Jinxin Yunrong was managed by its executive and general partner, Jinxin Investment Management, holding 1.00% partnership interest in Jinxin Yunrong. To the best of our Directors’ knowledge, the remaining 99.00% partnership interest in Jinxin Yunrong was held by its sole limited partner, Ningbo Jinxin Yongqing Equity Investment Center (Limited Partnership)* (寧波金信湧清股權投資中心(有限合夥), “**Ningbo Jinxin**”), a limited partnership managed by its executive and general partner, Jinxin Investment Management. Ningbo Jinxin has two limited partners, including (i) Yunnan Rongzhi Investment Co., Ltd.* (雲南融智投資有限公司), holding approximately 89.28% partnership interest therein, which is ultimately controlled by Yunnan SASAC, and (ii) the remaining limited partner, holding less than 10% partnership interest in Ningbo Jinxin. To the best of our Directors’ knowledge, information and belief, save as disclosed above, the general partner and limited partner of Jinxin Yunrong are Independent Third Parties.

Jinxin Yuanhui: Nantong Jinxin Yuanhui Venture Capital Center (Limited Partnership)* (南通金信沅匯創業投資中心(有限合夥), “**Jinxin Yuanhui**”) is a limited partnership established under the laws of the PRC on October 12, 2017, and primarily engaged in equity investments. To the best of our Directors’ knowledge, Jinxin Yuanhui was managed by its executive and general partner, Jinxin Investment Management, holding 3.14% partnership interest in Jinxin Yuanhui. The remaining 96.86% partnership interest in Jinxin Yuanhui was held by 11 limited partners, including (i) Nantong Jinxin Youan Corporate Management Co., Ltd.* (南通金信優安企業管理有限公司), holding 20.94% partnership interest therein, which is a limited liability company wholly owned by Jinxin Investment Management, and (ii) other ten limited partners which each held less than 20% partnership interest in Jinxin Yuanhui. To the best of our Directors’ knowledge, information and belief, save as disclosed above, the general partner and limited partners of Jinxin Yuanhui are Independent Third Parties.

Hongtu Chuangye

Guangdong Hongtu Chuangye Venture Capital Co., Ltd.* (廣東紅土創業投資有限公司, “**Hongtu Chuangye**”) is a company established under the laws of the PRC on March 27, 2012, and is principally engaged in private equity investment. To the best of our Directors’ knowledge, it was owned as to approximately 36.08% and 30.00% directly and indirectly by Shenzhen Capital Group and Guangdong Yueke Financial Group Co., Ltd.* (廣東省粵科金融集團有限公司), a company as to 90% owned by the

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People’s Government of Guangdong Province, respectively. The remaining 33.92% equity interests were held by 10 other shareholders which each held less than 10.00% equity interests in Hongtu Chuangye. To the best of our Directors’ knowledge, information and belief, all the shareholders of Hongtu Chuangye are Independent Third Parties.

Hongtu Tianke

Guangzhou Hongtu Tianke Venture Capital Co., Ltd.* (廣州紅土天科創業投資有限公司, “**Hongtu Tianke**”) is a company established under the laws of the PRC on March 16, 2017 and is principally engaged in private equity investment. To the best of our Directors’ knowledge, it was owned directly and indirectly as to approximately 41.49% by Shenzhen Capital Group. The remaining 58.51% equity interests was held by 10 other shareholders which each held less than 20.00% equity interests in Hongtu Tianke. To the best of our Directors’ knowledge, information and belief, all the shareholders of Hongtu Tianke are Independent Third Parties.

Jinxin Qingrui

Nantong Jinxin Qingrui Corporate Management Partnership Enterprise (Limited Partnership)* (南通金信清睿企業管理合夥企業(有限合夥)) (“**Jinxin Qingrui**”) is a limited partnership established under the laws of the PRC on July 20, 2021, and primarily engaged in enterprise management. To the best of our Directors’ knowledge, Jinxin Qingrui was managed by its executive and general partner, Qin Ling (秦嶺), who held approximately 62.87% partnership interest in Jinxin Qingrui. To the best of our Directors’ knowledge, the remaining 37.13% partnership interest in Jinxin Qingrui was held by its sole limited partner, Ding Jianeng (丁佳能). To the best of our Directors’ knowledge, information and belief, the general partner and limited partners of Jinxin Qingrui are Independent Third Parties.

Jinxin Anzhuo

Beijing Jinxin Anzhuo Investment Center (Limited Partnership)* (北京金信安琢投資中心(有限合夥)) (“**Jinxin Anzhuo**”) is a limited partnership established under the laws of the PRC on August 29, 2014 and primarily engaged in investment management. To the best of our Directors’ knowledge, Jinxin Anzhuo was managed by its executive and general partner, Beijing Qidi Jinxin Venture Capital Management Co., Ltd.* (北京啟迪金信創業投資管理有限公司) (“**Beijing Qidi Jinxin**”), which is ultimately controlled by Li Yunlong (李雲龍), an Independent Third Party, holding approximately 8% partnership interest in Jinxin Anzhuo. The remaining 92% partnership interest in Jinxin Anzhuo was held by two limited partners, including Hainan Anqin Information Technology Co., Ltd.* (海南安沁資訊技術有限公司), which is ultimately controlled by Li Yunlong (李雲龍), holding approximately 60% partnership interest in Jinxin Anzhuo, and Qingshi Technology Incubator (Qingdao) Co., Ltd.* (清石科技孵化器(青島)有限公司) which is ultimately controlled by Wu Weiping (吳偉萍), holding approximately 32% partnership interest therein. To the best of our Directors’ knowledge, information and belief, the general partner and limited partners of Jinxin Anzhuo are Independent Third Parties.

Yueke Qingyuan

Guangdong Yueke Qingyuan Innovation and Entrepreneurship Investment Fund (Limited Partnership)* (廣東粵科清遠創新創業投資基金(有限合夥)) (“**Yueke Qingyuan**”) is a limited partnership established under the laws of the PRC on November 15, 2018, and is principally engaged in investment activities. To the best of our Directors’ knowledge, Yueke Qingyuan was managed by its executive and general partner, Zhuhai Hengqin Yueke Ruihe Investment Center (Limited Partnership)* (珠海市橫琴粵科瑞和投資中心(有限合夥)) (“**Hengqin Yueke Ruihe Investment**”), holding approximately 2.44% partnership interest in Yueke Qingyuan. Hengqin Yueke Ruihe Investment was owned as to approximately 99.47% and 0.53% by Guangdong Yueke Mother Fund Investment Management Co., Ltd.* (廣東省粵科母基金投資管理有限公司) (“**Yueke Mother Fund Investment**”) and Guangdong Kerui Investment Management Co., Ltd.* (廣東科瑞投資管理有限公司), respectively, both of which were wholly owned by Guangdong Yueke Financial Group Co., Ltd.* (廣東省粵科金融集團有限公司) (“**Yueke Financial Group**”), which was ultimately controlled by the People’s Government of Guangdong Province. The

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remaining 97.56% partnership interest in Yueke Qingyuan was held by three limited partners, including (i) Qingyuan Yueke Rongfa High Quality Development Investment Master Fund (Limited Partnership)* (清遠粵科融發高品質發展投資母基金(有限合夥)), a limited partnership ultimately controlled by the People’s Government of Guangdong Province and which held approximately 48.78% partnership interest in Yueke Qingyuan, (ii) Guangdong Yueke Financial Equity Investment Co., Ltd.* (廣東省粵科財政股權投資有限公司), a limited liability company ultimately controlled by the People’s Government of Guangdong Province and which held approximately 24.39% partnership interest in Yueke Qingyuan, and (iii) Qingyuan High-Tech Zone Yinglong Construction Investment and Development Co., Ltd.* (清遠高新區迎龍建設投資開發有限公司), a limited liability company ultimately controlled by Finance and Asset Management Bureau of the Guangdong Qingyuan High-Tech Industrial Development Zone Management Committee (Qingyuan Yanhu New District Management Committee)* (廣東清遠高新技術產業開發區管理委員會(清遠燕湖新區管理委員會)財務資管局), holding approximately 24.39% partnership interest therein. To the best of our Directors’ knowledge, information and belief, the general partner and limited partners of Yueke Qingyuan are Independent Third Parties.

Yueke Zhiyi

Guangdong Yueke Zhiyi Equity Investment Partnership Enterprise (Limited Partnership)* (廣東粵科知易股權投資合夥企業(有限合夥)) (“**Yueke Zhiyi**”) is a limited partnership established under the laws of the PRC on April 26, 2024, and is principally engaged in equity investment. To the best of our Directors’ knowledge, Yueke Zhiyi was managed by its executive and general partner, Guangdong Yueke Venture Capital Management Co., Ltd.* (廣東粵科創業投資管理有限公司) (“**Yueke VC**”), a limited liability company wholly owned by Yueke Financial Group, holding approximately 2.87% partnership interest in Yueke Zhiyi. The remaining 97.13% partnership interest in Yueke Zhiyi was held by its sole limited partner, Jiang Zhaodi (蔣招娣). To the best of our Directors’ knowledge, information and belief, the general partner and limited partner of Yueke Zhiyi are Independent Third Parties.

Yueke Huaqian

Shenzhen Yueke Huaqian Biomedical Private Equity Investment Fund (Limited Partnership)* (深圳市粵科華仟生物醫藥私募股權投資基金(有限合夥)) (“**Yueke Huaqian**”) is a limited partnership established under the laws of the PRC on September 16, 2022, and is principally engaged in equity investment. To the best of our Directors’ knowledge, Yueke Huaqian was managed by its executive and general partner, Yueke Mother Fund Investment and which held 2.00% partnership interest in Yueke Huaqian. The remaining 98.00% partnership in Yueke Huaqian was held by two limited partners, including (i) Shenzhen Huaying Equity Investment Fund Enterprise (Limited Partnership)* (深圳華贏股權投資基金企業(有限合夥)), a limited partnership holding 50.00% partnership interest in Yueke Huaqian, and (ii) Guangdong Yueke Gongying Venture Capital Partnership (Limited Partnership)* (廣東粵科共贏創業投資合夥企業(有限合夥)), a limited partnership wholly owned by Yueke Financial Group and which held 48.00% partnership interest in Yueke Huaqian. To the best of our Directors’ knowledge, information and belief, the general partner and limited partner of Yueke Huaqian are Independent Third Parties.

Kerui Investment

Guangdong Kerui Investment Management Co., Ltd* (廣東科瑞投資管理有限公司) (“**Kerui Investment**”) is a limited liability company established under the laws of the PRC on March 12, 2009, and is principally engaged in project investment management, investment consulting, asset management services. To the best of our Directors’ knowledge, Kerui Investment is wholly owned by Yueke VC. To the best of our Directors’ knowledge, information and belief, Kerui Investment and Yueke VC are Independent Third Parties.

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Wuyun Shuixiang

Suzhou Wuyun Shuixiang Venture Capital Center (Limited Partnership)* (蘇州吳韻水鄉創業投資中心(有限合夥)) (“**Wuyun Shuixiang**”) is a limited partnership established under the laws of the PRC on June 18, 2021, and primarily engaged in venture capital investments. To the best of our Directors’ knowledge, Wuyun Shuixiang was managed by its executive and general partner, Suzhou Qingfen Capital Management Co., Ltd.* (蘇州清汾資本管理有限公司) (“**Suzhou Qingfen**”), which was owned as to 65% by Tsingstone Asset Management (Shanghai) Co., Ltd. (“**Tsingstone Asset**”) (清石資產管理(上海)有限公司) and 35% by Suzhou Fentou Capital Management Co., Ltd. (“**Suzhou Fentou**”) (蘇州汾投資本管理有限公司) and which held approximately 0.49% partnership interest in Wuyun Shuixiang. The remaining 99.51% partnership interest in Wuyun Shuixiang was held by two limited partners, including (i) Suzhou Lili Rural Investment Co., Ltd.* (蘇州市黎里農村投資有限公司) (“**Lili Investment**”) holding 84.58% partnership interest in Wuyun Shuixiang, and (ii) Suzhou Fenhu Investment Group Limited* (蘇州汾湖投資集團有限公司), a limited liability company wholly owned by Management Committee of the Fenhu High-Tech Industrial Development Zone of Jiangsu Province* (江蘇省汾湖高新技術產業開發區管理委員會) holding 14.93% partnership interest in Wuyun Shuixiang. Lili Investment has 48 shareholders, and none of them holds 10% or more interests therein.

Tsingstone Asset is wholly owned by Nantong Qinghui Enterprise Management Co., Ltd.* (南通清匯企業管理有限公司) (“**Nantong Qinghui**”), which is in turn owned as to 85% by Nantong Qingshi Sci-Tech Innovation Development Center (Limited Partnership)* (南通清石科創發展中心(有限合夥)) (“**Nantong Qingshi**”) and as to 15% by Rongyun (Hainan) Tech Development Co., Ltd.* (融昀(海南)科技發展有限公司) (“**Rongyun Hainan**”). Nantong Qingshi has one general partner, Nantong Yanze Tech Development Co., Ltd.* (南通彥澤科技發展有限公司), a company wholly owned by Wu Weiping (吳偉萍) and holding 60% of the partnership interest therein, and two limited partners, Rongyun Hainan and Suzhou Yumian Tech Service Co., Ltd.* (蘇州昱綿科技服務有限公司), holding 20% of the partnership interests therein, respectively.

Suzhou Fentou is owned as to 70% by Suzhou Fenhu Investment Group Co., Ltd.* (蘇州汾湖投資集團有限公司), a company wholly owned by Jiangsu Fenhu High-tech Industrial Development Zone Management Committee (江蘇省汾湖高新技術產業開發區管理委員會) and as to 30% by Suzhou Dongfang Chuanghe Private Fund Management Co., Ltd.* (蘇州東方創禾私募基金管理有限公司), a company wholly owned by Suzhou Wujiang District People’s Government State-owned Assets Supervision and Administration Office (蘇州市吳江區人民政府國有資產監督管理辦公室). To the best of our Directors’ knowledge, information and belief, the partners of Wuyun Shuixiang are Independent Third Parties.

Puen Guoxin

Shijiazhuang High-Tech Zone Puen Guoxing Equity Investment Center (Limited Partnership)* (石家莊高新區普恩國新股權投資中心(有限合夥)) (“**Puen Guoxin**”) is a limited partnership established under the laws of the PRC on August 22, 2019, and is principally engaged in investment activities. To the best of our Directors’ knowledge, (i) Puen Guoxin’s executive and general partner is Guoxin Sichuang Investment Fund Management (Beijing) Co., Ltd.* (國新思創投資基金管理(北京)有限公司), a limited liability company ultimately controlled by Wang Hongjie (王宏傑), holding 1.00% partnership interests in Puen Guoxin; (ii) Puen Guoxin’s general partner is Shanghai Shifengxinhui Entrepreneurship Investment Management Co., Ltd.* (上海石豐昕匯創業投資管理有限公司, “**Shifengxinhui**”) holding 1.00% partnership interests in Puen Guoxin. Shifengxinhui is a limited liability company with Shiyao Group Zhongcheng Health Technology (Shijiazhuang) Co., Ltd.* (石藥集團中誠健康科技(石家莊)有限公司) as its largest shareholder holding 29% of the equity interests therein while none of the other shareholders holds more than 25% of the equity interests therein. Shiyao Group Zhongcheng Health Technology (Shijiazhuang) Co., Ltd.* (石藥集團中誠健康科技(石家莊)有限公司) is a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited (石藥集團有限公司), a company listed on the Stock Exchange (stock code: 01093). To the best of our Directors’ information, the remaining 98.00% partnership interest was held by four limited partners, including (i) Shijiazhuang High Tech Capital Industry Investment Co., Ltd.* (石家莊高新資本產業投資有限公司), holding 30% partnership interests therein, which is a limited liability company ultimately controlled by Finance Bureau of Shijiazhuang High-Tech Industrial Development Zone (石家莊高新技術產業開發區財政局), and (ii) three other limited partners which each held less than 30.00% partnership interest in Puen Guoxin. To the best of our Directors’ knowledge, information and belief, the general partners and limited partners of Puen Guoxin are Independent Third Parties.

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Zhuhai Lehong

Zhuhai Henqin Lehong Investment Co., Ltd.* (珠海橫琴樂泓投資有限公司) (“**Zhuhai Lehong**”) is a limited liability company established under the laws of the PRC on December 16, 2016, and is principally engaged in equity investment and investment management. To the best of our Directors’ knowledge, Zhuhai Lehong is wholly owned by Guangzhou Zhishan Enterprise Services Co., Ltd.* (廣州智善企業服務有限公司) (“**Guangzhou Zhishan**”), which is in turns 80% owned by Guangzhou Zhishan Investment Holding Co., Ltd.* (廣州智善投資控股有限公司) and ultimately controlled by Li Yepeng (李曄鵬). Zhuhai Lehong and its shareholders are Independent Third Parties.

Huiju Xinxing

Guangzhou Huiju Xinxing Equity Investment Partnership Enterprise (Limited Partnership)* (廣州匯聚新星股權投資合夥企業(有限合夥)) (“**Huiju Xinxing**”) is a limited partnership established under the laws of the PRC on June 5, 2019, and is principally engaged in equity investment and investment management. To the best of our Directors’ knowledge, Huiju Xinxing was managed by its executive and general partner, Guangzhou Finance Holdings Fund Management Co., Ltd.* (廣州金控基金管理有限公司), a company ultimately controlled by the People’s Government of Guangzhou (廣州市人民政府) and which held 1.00% partnership interest in Huiju Xinxing. The remaining 99.00% partnership interest in Huiju Xinxing was held by three limited partners, including (i) Guangzhou Guoju Entrepreneurship Investment Co., Ltd.* (廣州國聚創業投資有限公司), a company wholly owned by Guangzhou Gaoxin District Investment Group Limited (廣州高新區投資集團有限公司), holding 39.50% partnership interest in Huiju Xinxing, (ii) Guangzhou Development Zone Xinxing Equity Investment Fund Management Co., Ltd.* (廣州開發區新星股權投資基金管理有限公司), a company ultimately wholly owned by Guangzhou Development Zone Administrative Committee* (廣州開發區管委會), holding 39.50% partnership interest in Huiju Xinxing, and (iii) Huangpu Investment Holdings (Guangzhou) Co., Ltd.* (黃埔投資控股(廣州)有限公司), a company ultimately controlled by Guangzhou Development Zone Administrative Committee* (廣州開發區管委會), holding 20.00% partnership interest in Huiju Xinxing. To the best of our Directors’ knowledge, information and belief, the general partner and limited partners of Huiju Xinxing are Independent Third Parties.

Heli Chuangxing

Guangzhou Heli Chuangxing Group Limited* (廣州合利創興集團有限公司) (“**Heli Chuangxing**”) is a limited liability company established under the laws of the PRC on June 7, 2012, and is principally engaged in equity investment and investment management. To the best of our Directors’ knowledge, Heli Chuangxing was held as to 95% and 5% by Zheng Yankun (鄭炎坤) and Zheng Zhixuan (鄭志璇), respectively. To the best of our Directors’ knowledge, information and belief, Heli Chuangxing and its Shareholders are Independent Third Parties.

Huangpu Chuangjia

Guangzhou Huangpu Chuangjia Technology Investment Partnership Enterprise* (廣州黃埔創嘉科技投資合夥企業(有限合夥)) (“**Huangpu Chuangjia**”) is a limited partnership established under the laws of the PRC on January 29, 2022, and is principally engaged in equity investment and investment management. To the best of our Directors’ knowledge, Huangpu Chuangjia was managed by its executive and general partner, Shi Wei (石偉), who held 40.00% partnership interest in Huangpu Chuangjia. The remaining 60.00% partnership interest in Huangpu Chuangjia was held by two limited partners, including Hu Cheng (胡成) who held 30% partnership interest in Huangpu Chuangjia and Xu Xin (徐欣) who held 30% partnership interest in Huangpu Chuangjia. To the best of our Directors’ knowledge, information and belief, the general partner and limited partners of Huangpu Chuangjia are Independent Third Parties.

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Guangdong Yurui

Guangdong Yurui Corporate Management Center (Limited Partnership)* (廣東餘睿企業管理中心(有限合夥)) (“**Guangdong Yurui**”) is a limited partnership established under the laws of the PRC on April 21, 2022, and is principally engaged in equity investment. To the best of our Directors’ knowledge, Guangdong Yurui was controlled and managed by its executive and general partner, Li Kaiping (李開平), who is the spouse of our non-executive Director, Ms. Li Xuexiang, who held 80% partnership interest in Guangdong Yurui. To the best of our Directors’ knowledge, the remaining 20% partnership interest in Guangdong Yurui was held by its sole limited partner Li Ci (李慈), who is the daughter of Ms. Li Xuexiang. To the best of our Directors’ knowledge, information and belief, save as disclosed above, the general partner and limited partner of Guangdong Yurui are Independent Third Parties.

Aike Ruiyan

Nanjing Aike Ruiyan Emerging Industries Venture Capital Fund (Limited Partnership)* (南京愛科瑞研新興產業創業投資基金(有限合夥)) (“**Aike Ruiyan**”) is a limited partnership established under the laws of the PRC on April 11, 2023, and is principally engaged in equity investment and venture capital investment. To the best of our Directors’ knowledge, Aike Ruiyan has two general partners: including (i) Nanjing Airui Investment Co., Ltd.* (南京愛瑞創業投資管理有限公司), an executive partner, which is wholly owned by a Singapore-incorporated company, ARIE CAPITAL INVESTMENT (ACIB) PTE. LTD, holding 0.01% partnership interest in Aike Ruiyan; and (ii) Kerui Qichuang Corporate Management Consultancy (Nanjing) Co., Ltd.* (科瑞齊創企業管理諮詢(南京)有限公司), a company wholly owned by Yu Xiaoqing (于曉清), holding 0.50% partnership interests in Aike Ruiyan. The remaining 99.49% partnership interests in Aike Ruiyan were held by its sole limited partner, Kunling Corporate Management (Shanghai) Co., Ltd.* (昆翎企業管理(上海)有限公司), a company wholly owned by ClinChoice Medical Development Limited (昆翎醫藥發展有限公司), which is ultimately controlled by Independent Third Parties. To the best of our Directors’ knowledge, information and belief, the general partners and limited partners of Aike Ruiyan are Independent Third Parties.

Gongqingcheng Tiananma

Gongqingcheng Tiananma No. 2 Venture Capital Partnership Enterprise (Limited Partnership)* (共青城天岸馬二號創業投資合夥企業(有限合夥)) (“**Gongqingcheng Tiananma**”) Gongqingcheng Tiananma is a limited partnership established under the laws of the PRC on August 12, 2025, and is principally engaged in equity investment. To the best of our Directors’ knowledge, Gongqingcheng Tiananma was controlled and managed by its executive and general partner, Xiamen Jingyao Private Equity Fund Management Co., Ltd.* (廈門晶耀私募基金管理有限公司) (“**Jingyao PE**”) which held approximately 0.03% partnership interest in Gongqingcheng Tiananma. Jingyao PE was owned as to 70% by Guangzhou Tiananma Investment Management Company Limited* (廣州天岸馬投資管理有限公司, “**TAM**”) and 30% by Jinglang (Guangzhou) Enterprise Management Partnership Enterprise (Limited Partnership)* (晶朗(廣州)企業管理合夥企業(有限合夥), “**JEMP**”). TAM was in turns as to 41% owned by Fan Junbing (範俊彬), 39% owned by Heli Chuangxing, 15% owned by Li Jiong (李炯) and 5% owned by Zhu Haibin (朱海斌). JEMP was controlled and managed by its general partner, Li Jiong (李炯). JEMP has four limited partners, none of which holds 30% or more partnership interests therein. The remaining 99.97% partnership interest in Gongqingcheng Tiananma was held by 12 limited partners, including (i) Chen Liuxia (陳柳霞) holding approximately 32.40% interests therein, and (ii) 11 other limited partners who each held less than 20.00% partnership interest in Gongqingcheng Tiananma. To the best of our Directors’ knowledge, information and belief, the general partner and limited partners of Gongqingcheng Tiananma are Independent Third Parties.

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CAPITALIZATION OF OUR COMPANY

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

Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]		Whether the H Shares will be counted towards the public float
	Number of Unlisted Shares	Ownership Percentage	Number of H Shares	Ownership Percentage	
Zhuhai Yichangda ⁽¹⁾	11,430,037	37.26%	[REDACTED]	[REDACTED]%	No
Zhuhai Xinrui ⁽²⁾	786,138	2.56%	[REDACTED]	[REDACTED]%	No
Dr. Liu Yangyang	1,147,963	3.74%	[REDACTED]	[REDACTED]%	No
Dr. Wang Ye	975,776	3.18%	[REDACTED]	[REDACTED]%	No
SDIC Shanghai Fund (國投上海基金)	1,920,000	6.26%	[REDACTED]	[REDACTED]%	Yes
SDIC Greater Bay Area Fund (國投大灣區基金)	1,377,642	4.49%	[REDACTED]	[REDACTED]%	Yes
Qingkong Jinxin (清控金信)	1,520,000	4.96%	[REDACTED]	[REDACTED]%	No
Jinxin Yunrong (金信雲融)	1,281,648	4.18%	[REDACTED]	[REDACTED]%	No
Jinxin Yuanhui (金信沅匯)	1,247,015	4.07%	[REDACTED]	[REDACTED]%	No
Jinxin Qingyun (金信清濤)	80,000	0.26%	[REDACTED]	[REDACTED]%	No
Shenzhen Capital Group (深創投)	400,000	1.30%	[REDACTED]	[REDACTED]%	Yes
Hongtu Tianke (紅土天科)	400,000	1.30%	[REDACTED]	[REDACTED]%	Yes
Hongtu Chuangye (紅土創業)	1,200,000	3.91%	[REDACTED]	[REDACTED]%	Yes
Yueke Qingyuan (粵科清遠)	961,933	3.14%	[REDACTED]	[REDACTED]%	Yes
Yueke Zhiyi (粵科知易)	437,243	1.43%	[REDACTED]	[REDACTED]%	Yes
Yueke Huaqian (粵科華仟)	109,311	0.36%	[REDACTED]	[REDACTED]%	Yes
Kerui Investment (科瑞投資)	21,862	0.07%	[REDACTED]	[REDACTED]%	Yes
Puen Guoxing (普恩國新)	1,440,000	4.69%	[REDACTED]	[REDACTED]%	Yes
JingDe (Guangzhou) (景得(廣州))	960,000	3.13%	[REDACTED]	[REDACTED]%	Yes
Huiju Xinxing (匯聚新星)	551,057	1.80%	[REDACTED]	[REDACTED]%	Yes
Heli Chuangxing (合利創興)	551,057	1.80%	[REDACTED]	[REDACTED]%	Yes
Gongqingcheng Tiananma (共青城天岸馬)	437,242	1.43%	[REDACTED]	[REDACTED]%	Yes
Zhuhai Lehong (珠海樂泓)	419,173	1.37%	[REDACTED]	[REDACTED]%	Yes
Wuyun Shuixiang (吳韻水鄉)	346,386	1.13%	[REDACTED]	[REDACTED]%	Yes
Guangdong Yurui (廣東餘睿) ⁽³⁾	267,263	0.87%	[REDACTED]	[REDACTED]%	No
Jinxin Anzhuo (金信安琢)	173,223	0.56%	[REDACTED]	[REDACTED]%	Yes
Aike Ruiyan (愛科瑞研)	153,035	0.50%	[REDACTED]	[REDACTED]%	Yes
Jinxin Qingrui (金信清睿)	69,265	0.23%	[REDACTED]	[REDACTED]%	Yes
Huangpu Chuangjia (黃埔創嘉)	8,266	0.03%	[REDACTED]	[REDACTED]%	Yes
Investors taking part in the [REDACTED]	–	–	[REDACTED]	[REDACTED]%	Yes
Total	30,672,535	100.00%	[REDACTED]	100.00%	

Notes:

- (1) Zhuhai Yichangda is a limited partnership established in the PRC in March 2017, and is controlled by its sole general partner, Dr. Zhi. As of the Latest Practicable Date, Dr. Zhi held 29.70% partnership interest, being the highest partnership interests thereof, and serves as the executive partner responsible for the day-to-day management of the partnership, including but not limited to the exercise of voting rights attached to the Shares held by Zhuhai Yichangda. As such, Zhuhai Yichangda and Dr. Zhi constitute our Controlling Shareholders.

As of the Latest Practicable Date, Zhuhai Yichangda had 12 limited partners, including (a) Ms. Li Xuexiang, a non-executive Director, holding 25.81% partnership interests, (b) Mr. Liang Xiongxin, a former Director, holding 8.22% partnership interests, (c) Ms. Wang Yueru, a relative of Dr. Zhi, holding 1.98% partnership interests, (d) Mr. Li Genping, a supervisor of the Company, holding 1.30% partnership interests, and (e) other eight limited partners, who are Independent Third Parties, and none of which held more than 30% partnership therein.

- (2) Zhuhai Xinrui is our Employee Incentive Platform, and is controlled by Dr. Liu Yangyang as its sole executive and general partner.
- (3) Guangdong Yurui is controlled by its general partner, who is the spouse of Ms. Li Xuexiang, our non-executive Director. As such, the Shares held by Guangdong Yurui is not considered as held in public hands.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Rule 19A.13A of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing. Where the expected market value of the class of securities at the time of [REDACTED] does not exceed HK\$6 billion, at least 25.0% of the total issued share capital of our Company must at all times be held by the [REDACTED].

Immediately upon completion of the conversion of Unlisted Shares into H Shares and the [REDACTED], assuming the [REDACTED] is not exercised, based on an [REDACTED] of (i) HK\$[REDACTED]; (ii) HK\$[REDACTED], and (iii) HK\$[REDACTED] per Share (being the low, mid, high end of the indicative [REDACTED]), our expected [REDACTED] upon the [REDACTED] is approximately HK\$[REDACTED], HK\$[REDACTED], and HK\$[REDACTED], respectively, and the minimum prescribed [REDACTED] percentage applicable to the H Shares at the time of the [REDACTED] for each of the said three circumstances is [REDACTED]% accordingly.

Immediately upon completion of the conversion of Unlisted Shares into H Shares and the [REDACTED], assuming the [REDACTED] is not exercised, a total of [REDACTED] H Shares held by our core connected persons, including Zhuhai Yichangda, Dr. Liu Yangyang, Dr. Wang Ye, Zhuhai Xinrui, Jinxin Entities and Guangdong Yurui will not be counted towards the public float of the Company, representing approximately [REDACTED]% of our total issued Shares upon [REDACTED]. A total of (a) [REDACTED] H Shares converted from the Unlisted Shares and will be held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company) and (b) the [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised) will count towards public float of the Company, which represents approximately [REDACTED]% of our total issued Shares upon [REDACTED]. The public float of our Company immediately upon completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares (assuming that the [REDACTED] is not exercised) is higher than the prescribed percentage of Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules, thereby satisfying Rule 19A.13A(1) of the Listing Rules.

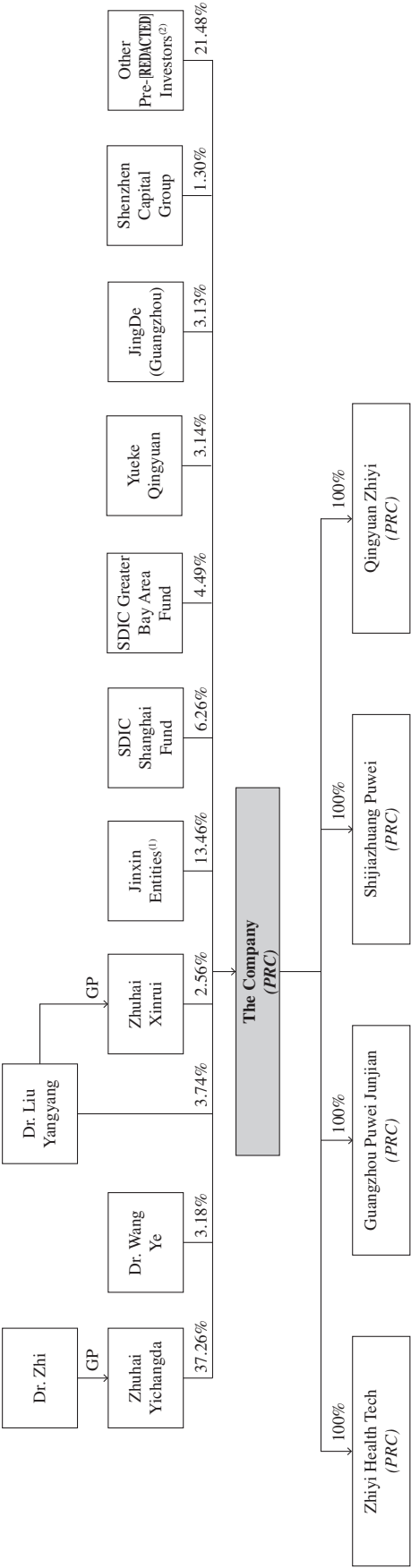
Pursuant to Rule 19A.13C(1) of the Listing Rules, there must be sufficient H shares where an applicant is a PRC issuer with no other listed shares at the time of listing, held by the public and available for trading upon listing. This would normally mean that the portion of the H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (1) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (2) have an expected market value at the time of listing of not less than HK\$600,000,000.

[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

Our corporate and shareholding structure immediately prior to the completion of the [REDACTED] is as follows:



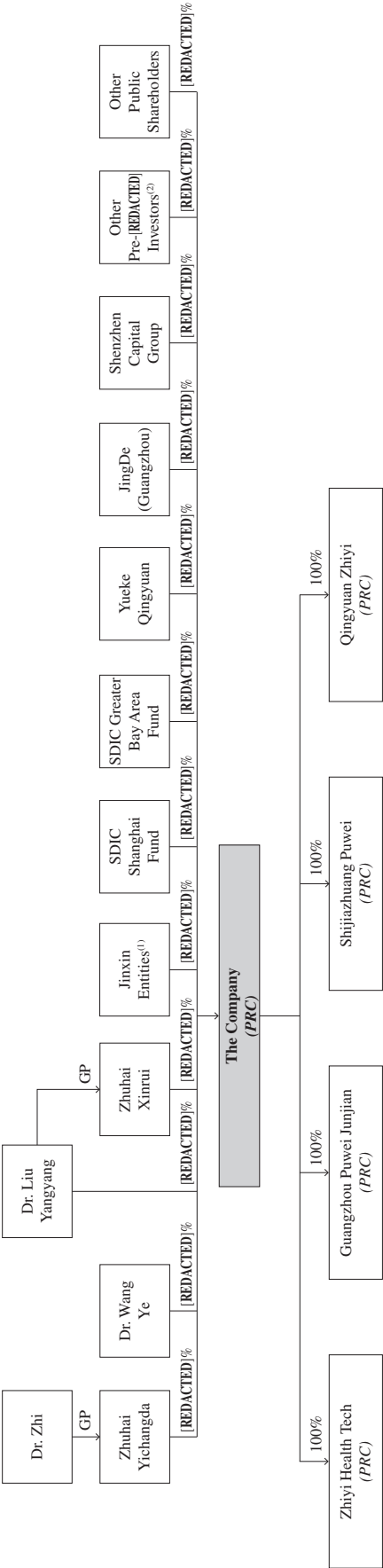
Notes:

- (1) The Jinxiang Entities refer to Qingkong Jinxiang, Jinxin Qingyun, Jinxing Yunrong and Jinxin Yuanhui.
- (2) Other Pre-[REDACTED] Investors include Jinxin Qingrui, Jinxin Anzhuo, Wuyun Shuixiang, Puen Guoxin, Zhuhai Lehong, Hongtu Tianke, Hongtu Chuangye, Huiju Xinxing, Heli Chuangxing, Yueke Zhiyi, Kerui Investment, Yueke Huaqian, Huangpu Chuangjia, Guangdong Yurui, Aike Ruiyan and Gongqingcheng Tiananma.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER THE [REDACTED]

Our corporate and shareholding structure immediately after the [REDACTED] is as follows:



Notes (1) and (2): See notes to the corporate chart in “— Corporate Structure Immediately Prior to the [REDACTED]” in this section.

BUSINESS

OVERVIEW

Who We Are

Established in 2013, we are a clinical-stage biopharmaceutical company with a focus on the field of live biotherapeutic products (“LBPs”), across gastrointestinal diseases, oncology, cancer therapy-related complications, metabolic diseases, and autoimmune diseases. As of the Latest Practicable Date, we have (i) one Core Product, SK08, an LBP candidate for the treatment of irritable bowel syndrome with diarrhea (“IBS-D”), acute diarrhea in children caused by rotavirus (“**pediatric rotavirus diarrhea**”), ulcerative colitis (“UC”) and advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies; (ii) one key product, SK10, an inactivated LBP candidate for the prevention and treatment of chemotherapy-induced diarrhea (“CID”); and (iii) four other preclinical candidates in our pipeline.

The chart below illustrates our innovative therapeutics pipeline as of the Latest Practicable Date:

New Drug Pipeline

Project	Feature	Indication	Regulatory Authority	Pre-clinical	IND	Phase I	Phase II	Phase III	Completed/Next Milestone	Commercial Rights
SK08 ★	LBP	Irritable bowel syndrome	NMPA						To complete Phase III Primary Efficacy Endpoint Assessment in Q4 2027	Global
		Acute diarrhea in children caused by rotavirus (pediatric rotavirus diarrhea)	NMPA						To enter Phase II in Q3 2027	Global
		Ulcerative colitis	NMPA						To enter Phase II in Q4 2027	Global
			FDA						IND approved in January 2025	Global
		Advanced solid tumors (in combination with anti-PD-1/L1 monoclonal antibodies)	NMPA						To enter Phase II in Q4 2028	Global
SK10 ☆	LBP	Chemotherapy-induced diarrhea	FDA						To enter Phase II in Q1 2028	Global
			NMPA						To enter Phase II in Q4 2026	Global
TP2	Bacterial components	Autoimmune diseases	N/A						To submit the IND in Q4 2028	Global
SK16	LBP	Oral mucositis	N/A						To submit the IND in Q4 2028	Global
SK12	LBP	Atopic dermatitis/Psoriasis	N/A						To submit the IND in Q4 2029	Global
ZY19	LBP	Metabolic Diseases	N/A						To submit the IND in Q4 2029	Global

★ Core Product
☆ Key product
→ Exempted from this phase of clinical trial
→ Received the Acceptance Notice for the IND application regarding direct initiation of a Phase II clinical trial

Notes:

- (1) In January 2025, given the relevant safety and preliminary efficacy data of SK08 obtained from Phase I and Phase II clinical trials in China, the FDA approved SK08 to directly initiate a Phase II clinical trial in the U.S. for the UC indication without the need to conduct a separate Phase I clinical trial in the U.S.;
- (2) In March 2022, we obtained IND approval from the NMPA for a Phase Ib/II clinical trial of SK08 in advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies. We plan to resubmit an IND application for a Phase II clinical trial of SK08 for this indication. Such direct progression to Phase II is expected to be considered by the NMPA with reference to its previous IND approval in relation to this indication and SK08’s accumulated clinical data in other indications, particularly safety and tolerability data, which are directly relevant to the primary objectives of Phase I clinical trials. Such clinical data are expected to be further supplemented by additional data from SK08’s ongoing and planned clinical trials before the resubmission. For further details, see “— Our Product Pipelines (Pharmaceutical Pipelines) — SK08, Our Core Product” — “Material Communications with Competent Authorities” in this section; and
- (3) In June 2026, based on the safety and tolerability data obtained from the Phase I clinical trial of SK10 in the U.S., we submitted an IND application to the NMPA for a Phase II clinical trial of SK10 and then received the Acceptance Notice for this application.

BUSINESS

OUR COMPETITIVE STRENGTHS

A Pioneer in Second-generation LBP in China

SK08 and SK10 Mark Multiple Industry Milestones for LBP

We are a pioneer and leading enterprise in the field of second-generation LBP in China. By virtue of our core technological breakthroughs and rapid clinical advancement, we have positioned ourselves among the first tier of global LBP R&D. Our Core Product SK08 and key product SK10 have achieved multiple industry-defining milestones, establishing our first-mover and leadership advantages.

As a benchmark in China’s second-generation LBP field, SK08 has delivered multiple important milestones and achievements. According to Frost & Sullivan, SK08 is the first LBP to obtain registrational clinical trial approvals from both the NMPA and the U.S. FDA. SK08 is currently in the Phase III clinical trial for IBS-D, making it the only late-stage clinical biological drug candidate in the global IBS-D field, as of the Latest Practicable Date.

SK08 has also received NMPA approval for the clinical trial targeting pediatric rotavirus diarrhea, representing a major breakthrough for LBP in pediatric medicine in China and further expanding the clinical application scope of LBP. As of the Latest Practicable Date, SK08 is the only clinical-stage LBP candidate targeting pediatric rotavirus diarrhea globally. Concurrently, SK08 was the first LBP in China approved to conduct registrational clinical trial in oncology patients. The strain safety evaluation study of SK08 was recognized as a classic research work in NGP on *Frontiers*, and SK08 was highlighted as a representative LBP candidate on *Nature Microbiology*, thereby providing evidence of our recognized R&D capabilities and Core Product competitiveness.

In addition, we were also the first company in China to advance an inactivated second-generation LBP into clinical development, and our key product SK10 has achieved multiple breakthroughs. It was the first LBP using *Bacteroides fragilis* to receive FDA clearance for clinical trials in the U.S., and also the world’s first FDA clearance for an LBP targeting CID. SK10 has successfully completed its Phase I clinical trial in the U.S., demonstrating our ability to conduct global R&D and navigate complex regulatory pathways.

Industry Recognition for Our Technical Excellence and Market Leadership

The Guangdong Provincial Engineering Research Center for Live Biotherapeutic Products (廣東省活體生物藥工程技術研究中心) (the “Center”), accredited by the Guangdong Provincial Department of Science and Technology, is the first engineering research center in China dedicated to LBP, with our Company serving as the lead supporting entity. The Center focuses on the R&D and translation of key generic technologies for LBP, aiming to enhance the development and industrialization capabilities as well as international competitiveness of China’s LBP sector. The China LBP Summit Forum hosted by the Center brings together leading experts to exchange findings and plays an role in guiding the industry’s development. Furthermore, as a pioneer in China’s LBP and NGP industry, we are currently participating in the AKK industry standard-setting process led by the China National Research Institute of Food and Fermentation Industries (中國食品發酵工業研究院).

Our core R&D team has led and participated in six national and/or provincial major research projects, receiving broad recognition from the industry and authoritative institutions for our technological capabilities. Specifically, the SK08 project has been supported by key national, provincial and/or municipal research programs, including the National High-tech R&D Program of China (國家863計劃), the National Natural Science Foundation of China (國家自然科學基金), and the Guangdong Provincial Major Special Program for New Drug Innovation and Development (廣東省重大新藥創製專項). In addition, we have been honored with several prestigious awards, including the Guangdong Provincial “Specialized, Refined, Distinctive and Innovative Small and Medium-sized Enterprise” (廣東省“專精特新中小企業”) and the Guangzhou Innovation Leadership Team (廣州市創新領軍團隊), fully demonstrating our outstanding technological innovation capabilities and industry influence.

BUSINESS

R&D Platform with IP Protection Framework as Core Competitive Barriers

Systematic R&D Platform Supporting LBP Development

The development of LBP encompasses multiple complex steps, including strain screening, functional validation, and quality control, which presents significant technical barriers. The industry at large continues to face challenges such as inefficient strain screening, inadequate safety evaluation frameworks, difficulties in studying *in vivo* colonization of live bacterial drugs, and protracted CMC development cycles. To address these challenges, we have established ZYMIRS which comprises four core R&D platforms that collectively form a comprehensive technology support system covering the entire LBP development value chain. The details of these four core R&D platforms are set forth below:

Clinical Disease-bacteria Interaction Research Platform

To address the early-stage challenges in LBP development, including the lack of foundational data and the unclear mechanistic understanding of the relationship between gut microbiota and diseases, we have employed metagenomics and microbial culturomics approaches to construct compositional profiles of commensal and pathogenic bacteria associated with major intestinal diseases such as IBS, UC, and CID. Combined with bioinformatics analysis to decipher the interactions between gut microbiota and the host, we have established a comprehensive research methodology system for intestinal microecology, providing foundational data to support our drug development.

Strain Safety Evaluation Platform

We have established a specialized platform in China to systematically evaluate the safety of new bacterial strains at the whole-genome level. It has addressed the industry-wide technical challenge of lacking standardized safety evaluation systems and incomplete evaluation dimensions, while also carrying out multiple pioneering research studies. Taking the safety evaluation of the SK08 strain as an example, it represents one of the earliest systematic safety evaluation of an intestinal beneficial bacterium ever conducted in China. Using whole-genome sequencing and other methodologies, we evaluated the strain’s physiological and biochemical characteristics, genetic stability, metabolites, adhesion and colonization properties. The findings have been recognized as a classic NGP research study on *Frontiers* and have been widely cited and referenced within the industry.

Screening and Developability Evaluation Platform

To address the industry challenges of low strain screening efficiency, limited availability of bacterial strains with drug development potential, and an underdeveloped drug developability evaluation system, we have established high-quality proprietary strain libraries including a colorectal cancer mucosal bacterial library, a neonatal feces and colostrum bacterial library, among others. We have adopted improved strain-directed isolation and screening techniques that expand the range of culturable bacterial species while simplifying operational procedures. Compared to previously reported methods, these improvements have reduced workload by nearly 40%, increased culture yield by approximately 30%, successfully isolated novel bacterial genera. The optimized process also maintained a strain loss rate below 10%, compared with an estimated average strain loss rate of approximately 20% generally observed in the industry. The technical advancements of our research have been cited in multiple core journals.

BUSINESS

To resolve the specific detection bottleneck for intestinal autochthonous bacteria, we have developed a proprietary fluorescent labeling method that enables real-time observation of the *in vivo* dynamic distribution of target bacteria through live imaging, resolving the difficulties in studying the colonization and distribution of LBP. This innovative research has been cited by *Nature Reviews Chemistry*. Additionally, we have constructed more than 20 animal models suitable for evaluating the efficacy of live bacterial drugs, including stable models of antibiotic-associated diarrhea, *clostridium difficile*-associated diarrhea, and necrotizing enterocolitis caused by *Cronobacter sakazakii*, further refining our developability evaluation system.

CMC Platform

To address the industry challenges of lengthy CMC development cycles for LBP at the IND stage and the difficulty of industrialization, our CMC platform has established a technology system covering the entire R&D process, with the capability to develop multiple product types, including both aerobic and anaerobic formulations as well as powder and capsule dosage forms. We have also established CMC research strategies and technical standards for each stage of development from PCC to IND to NDA, resolving key technical challenges in the transition of LBP from laboratory to industrialization.

Our CMC development capabilities have enabled us to complete the relevant CMC work for certain projects within eight months, demonstrating the efficiency of our CMC platform. We have independently developed dozens of technologies for large-scale fermentation, lyophilization, and formulation of probiotics, with a particular focus on overcoming the technical and quality control challenges associated with anaerobic microorganisms. SK08 features substantially improved processes compared to existing LBP, including the reduced use of animal-derived components, enhanced process controls, tighter impurity controls, improved stability during storage and transportation, and higher viable bacterial count standards. Moreover, our platform also possesses core advantages in the inactivated LBP field, with SK10 becoming China’s first inactivated LBP to receive FDA clearance to proceed with clinical trials.

Our R&D platforms operate in synergy, covering the entire R&D process, and demonstrate significant technical advancement and originality in strain screening, safety and druggability evaluation, as well as CMC research, collectively forming core technical barriers that are difficult for peers to replicate. In the study of *Bacteroides fragilis*, we have successfully screened the strain ZY-312 and conducted systematic, in-depth research, making us the first company globally to advance a *Bacteroides fragilis*-based LBP into clinical development, thus solving its long-standing industrialization challenges of strain screening and high technological barriers for drug conversion. We have also independently developed the PROFORCARE[®] precision inactivation technology for our inactivated LBP candidates and NGP raw materials, which enables complete bacterial inactivation with no viable bacterial residues while preserving key cell-wall components relevant to product quality. With respect to *Akkermansia muciniphila* (“AKK”), we are one of the earliest institutions in China to conduct AKK research and has successfully isolated and commercialized the breast milk-derived AKK strain-based product, with our processes having reached an industrial-scale production level. According to Frost & Sullivan, our self-developed AKK AM06[™] is the first and one of only two breast milk-derived AKK strains on the market to have obtained recognition from the FDA.

Intellectual Property Protection Safeguarding Our Commercial Interests

The intellectual property protection of LBP differs significantly from that of traditional small-molecule drugs. The core technological assets of LBP typically consist of specific bacterial strains, bioactive materials, and their methods of preparation and application. As a result, it is difficult to build a complete protective barrier relying solely on a single compound patent. Instead, a more effective approach requires a layered, portfolio-based that integrates strain composition, disease indications, culture and scale-up processes, formulation stabilization technologies, and quality control methods.

BUSINESS

Based on this industry characteristic, we have developed a protection model that combines “core patents, peripheral patents, and trade secrets.” Our patent strategy is anchored around core patents covering key strains, therapeutic indications, and critical formulation approaches, which are complemented by peripheral patents covering culture media, fermentation methods, inactivation processes, formulation optimization, and analytical testing methods. At the same time, we maintain ongoing protection of proprietary process details through trade secrets. This model is precisely tailored to the specific needs of the LBP industry and effectively strengthens the long-term competitiveness of our products following commercialization.

For our Core Product SK08, our key product SK10 and our AKK, we have established a global patent portfolio with China as the central hub and strategic overseas markets as complementary extensions. We hold over 50 patents in total, with potential coverage extending to key overseas markets including Europe, the U.S., and Australia, providing a solid intellectual property foundation to support our global business expansion.

Our Core and Key Products Targeting Diseases with Traditional Therapy Limitations and Market Potential

Leveraging our R&D platform and strain library, both of which are protected by fully proprietary intellectual property rights, we have developed a portfolio of LBP products with SK08 and SK10 as our Core Product and key product, targeting major disease areas including gastrointestinal diseases, oncology, cancer therapy-related complications, metabolic disorders, and autoimmune diseases.

Core Product SK08 — The World’s First Clinical-stage LBP Derived from *Bacteroides fragilis*

SK08 Demonstrates Multi-mechanism Synergy and Diverse Therapeutic Potential with Multiple Indications Approved for Clinical Trials

Studies have shown that SK08 contains a unique capsular polysaccharide component that regulates intestinal immunity and suppresses intestinal inflammation. In addition, SK08 repairs intestinal mucosal damage, maintains intestinal barrier integrity, sustains intestinal immune homeostasis by modulating the Th1/Th2 and Th17/Treg cell balances, and improves the gut microbiota by increasing microbial diversity, resisting pathogenic bacterial colonization, and enhancing the abundance of beneficial bacteria. SK08 also alleviates visceral hypersensitivity by upregulating intestinal epithelial serotonin transporter (“**SERT**”) expression and promoting 5-HT reuptake. Through these mechanisms, SK08 has demonstrated potential therapeutic value across multiple diseases, including irritable bowel syndrome (“**IBS**”), pediatric rotavirus diarrhea, and oncology. We have conducted preclinical *in vivo* animal studies across these indications, all of which have shown favorable efficacy. For further details, see “— Our Product Pipelines (Pharmaceutical Pipelines)” in this section.

Based on our preclinical findings, we have advanced multi-indication clinical development of SK08. A Phase III clinical trial for the treatment of IBS-D is currently ongoing. SK08 has also received NMPA approval to conduct clinical studies for pediatric rotavirus diarrhea, which represents one of our next key development priorities. For combination therapy with anti-PD-1/L1 monoclonal antibodies in advanced solid tumors, SK08 received NMPA approval for a Phase Ib/II clinical trial in 2022. Considering our overall pipeline prioritization and development sequencing, as well as significant changes in the competitive landscape of marketed PD-1/L1 inhibitors in recent years, we plan to resubmit the IND application for this program and then commence the relevant clinical trial in the fourth quarter of 2028. Moreover, a Phase II clinical trial for UC is expected to commence in China in the fourth quarter of 2027.

BUSINESS

Overcoming Current Clinical Limitations in Pursuit of Significant Market Potential

Patients with IBS-D often experience recurrent episodes, with approximately 40%-50% of patients relapsing after stopping treatment, that severely impact their quality of life and no targeted therapeutic drug is available for IBS-D as of now. Most patients require repeated use of antispasmodics, loperamide, rifaximin, and other medications to alleviate symptoms, and the long-term usage of these drugs may be associated with certain side effects. Overall patient satisfaction with existing treatments remains low. The absence of a safe and effective precision therapy has left millions of patients suffering from chronic pain and unpredictable bowel dysfunction, leading to reduced work productivity, increased psychological distress, and a substantially diminished quality of life. Quality-of-life studies cited in the American College of Gastroenterology (ACG) guidelines indicate that IBS patients are willing to pay a high price, accept significant side-effect risks and even give up to 10-15 years of life expectancy for instant cure, to achieve effective symptom control. According to Frost & Sullivan, IBS also imposes an economic burden on patients and the healthcare system in China, with total costs of managing IBS estimated at RMB123.8 billion, accounting for approximately 3.3% of total healthcare spending, and productivity losses representing over 25% of total costs. Furthermore, the lack of disease-modifying treatments not only perpetuates patient suffering but also constrains the overall market growth, thus a truly effective drug could expand the treatment-seeking population and unlock substantial commercial opportunities.

According to Frost & Sullivan, in 2025, the prevalence of IBS-D patients were 116.1 million in China, and the China IBS-D drug market was RMB4.0 billion. With such a large patient population, the market is expected to grow considerably upon the introduction of a novel precision therapy, and the scarcity of advanced-stage pipeline candidates addressing IBS-D underscores the need for and commercial potential of novel treatments.

Pediatric rotavirus diarrhea is a common form of pediatric infectious diarrhea that imposes a considerable physical burden on infants and young children. According to Frost & Sullivan, in 2025, the incidence of pediatric rotavirus diarrhea in China was 19.0 million, and the corresponding market size was RMB2.0 billion. In the diagnosis and treatment of pediatric rotavirus diarrhea, aside from rehydration and symptomatic supportive care, no specific therapeutic drugs are currently available. The primary treatment goals remain symptom relief, the prevention of dehydration, and the management of complications. Compared to adult medications, pediatric drugs are subject to more stringent requirements in terms of formulation suitability, safety evaluation, and age-appropriate dosing regimen design, resulting in a more limited range of treatment options. The severity of pediatric rotavirus diarrhea is often compounded by rapid dehydration, electrolyte imbalance, and prolonged hospitalization, which can lead to severe developmental setbacks and even life-threatening complications in vulnerable infants and children. The limited availability of pediatric-specific therapies may not only place psychological and financial burdens on families but also create a barrier to market expansion, thus the introduction of an effective, pediatric-specific therapy would catalyze rapid market adoption. Furthermore, parents are considered to demonstrate a strong willingness to seek medical care and pay for pediatric treatments, which provides support for the rapid market uptake of products with clear clinical advantages.

BUSINESS

The Only LBP Backed by High-quality Clinical Evidence for IBS-D with Proven Efficacy and Safety and the Potential to Redefine Future Clinical Guidelines

In current clinical practice, traditional microecological drugs have been widely used in the gastroenterology field largely because of their relatively mild side effect profiles. Clinicians often prescribe marketed microecological products to patients with IBS-D to alleviate diarrhea and other related symptoms, under existing clinical guidelines. However, most of the traditional microecological drug products approved and marketed in China were approved years ago and lack registrational clinical trials for IBS-D. The industry has yet to reach a consensus on their mechanisms of action or clinical efficacy. Against this backdrop, SK08 emerges as the only LBP in China that is being evaluated in a rigorous, well-controlled registrational clinical trial specifically for the IBS-D indication, as of the Latest Practicable Date.

According to the 2020 China Expert Consensus on Irritable Bowel Syndrome (《2020年中國腸易激綜合徵專家共識意見》), “visceral hypersensitivity” is considered the core pathogenic mechanism of IBS and an important contributor to abdominal pain. Based on our preclinical mechanism findings and clinical observations, SK08 is supposed to take therapeutic effect in IBS by reducing visceral hypersensitivity. For further details, see “— SK08, Our Core Product — Drug Design and Mechanism of Action” in this section. Beyond addressing the core pathogenic mechanism, SK08 improves intestinal conditions and alleviates IBS-related symptoms through multiple pathways. SK08 enhances the defense function of the intestinal mucus layer, reinforces the tight junction protein between intestinal epithelial cells, reduces intestinal permeability, and maintains intestinal mucosal barrier integrity. Its capsular polysaccharide also effectively promotes intestinal immune tolerance, and further improves IBS-related symptoms. Accordingly, we believe SK08 has the potential to address the underlying pathophysiological mechanisms of IBS, including visceral hypersensitivity, impaired intestinal barrier function and dysregulated local immune responses.

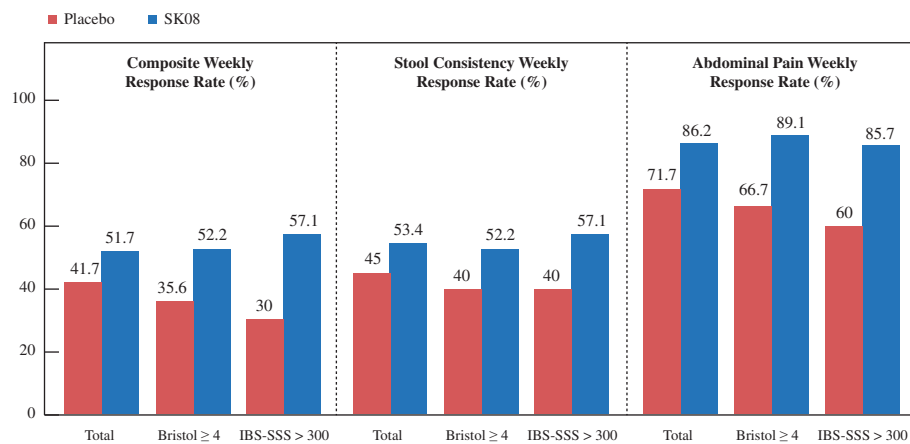
The Phase II clinical results supported further clinical development of SK08, with the high-dose group demonstrating numerical improvement in the primary efficacy endpoint recognized for IBS-D, and showing continued improvement with long-term treatment. During the treatment period, the high-dose SK08 group achieved an eight-week composite weekly response rate of 51.7%, compared to 41.7% in the placebo group, representing a treatment difference of 10.0%. In patients with more severe disease (Bristol $\geq 4^1$), the high-dose group and placebo group achieved eight-week composite weekly response rates of 52.2% and 35.6%, respectively, with a difference of 16.6%. Although no head-to-head trial has been conducted, the data from this subgroup are comparable to the Phase III clinical data of eluxadoline, an FDA-approved drug for IBS-D. The baseline characteristics of the SK08 Bristol ≥ 4 subgroup were broadly comparable to those of the overall eluxadoline study population, and both trials used placebo as a control. Against this backdrop, the difference in composite weekly response rate between the high-dose SK08 group and placebo was higher than that of eluxadoline, suggesting superior clinical efficacy.

In IBS-D patients with more severe symptoms (Bristol ≥ 4 or IBS-SSS score >300), compared with the overall population, the placebo group showed a declining trend in composite response rate, weekly stool consistency response rate and weekly abdominal pain response rate. In contrast, the response rates in the SK08 high-dose group remained stable or further improved in these subgroups compared with the

1. refers to the patients with ≥ 4 days per week of diarrhea

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overall population, suggesting that SK08 continued to demonstrate clear therapeutic benefit potential in patients with severe IBS-D. The diagram below illustrates the efficacy data of high-dose SK08 group and placebo group in both the overall patient population and patients with severe symptoms:



At the individual efficacy endpoint level, the high-dose SK08 group demonstrated particularly notable improvements in abdominal pain, which is the core symptom of IBS-D. The difference in the eight-week abdominal pain weekly response rate between the high-dose SK08 group and the placebo group reached 14.5%. Among patients with Bristol ≥ 4 , the difference widened to 22.4%, which was statistically significant ($p=0.010$). Moreover, when compared to eluxadoline and rifaximin, commonly used IBS-D therapies, the treatment difference relative to placebo was higher for SK08, further reinforcing its significant clinical benefit in alleviating core IBS-D symptoms and benefiting patients with more severe disease.

The efficacy data of SK08, rifaximin, and eluxadoline in improving abdominal pain symptoms in IBS-D patients are presented in the table below:

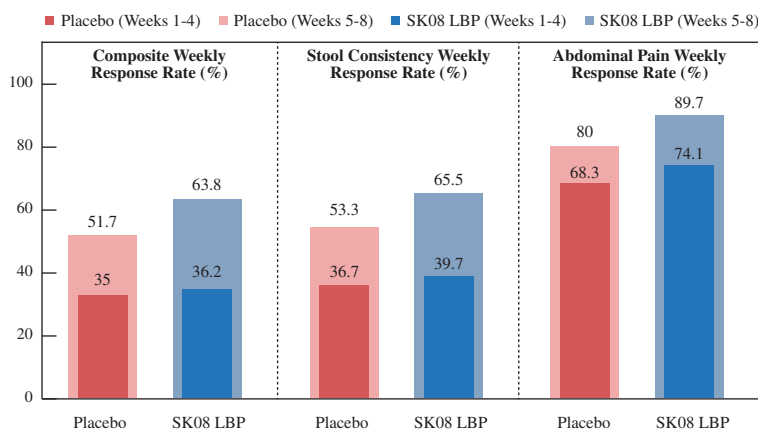
SK08, Rifaximin and Eluxadoline Efficacy Comparison in IBS-D Abdominal Pain Improvement

	SK08		Rifaximin		Eluxadoline	
Clinical Trial Phase . . .	Phase II	Phase II (weekly diarrhea days ≥ 4)	Phase III Trial-1	Phase III Trial-2	Phase III IBS-3001	Phase III IBS-3002
Sample Size	118	91	623	635	853	764
Treatment Duration . .	8 weeks	8 weeks	2 weeks	2 weeks	12 weeks	12 weeks
Difference in Abdominal Pain Weekly Response Rate vs. Placebo . . .	14.5%	22.4%	9%	9%	4%	6%

In addition, SK08 demonstrated strong long-term efficacy. Building on the onset-of-action data observed during the first four weeks of treatment, the high-dose SK08 group showed more pronounced symptom improvement compared to the placebo group starting from the fifth week onward, highlighting

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the stability and durability of its therapeutic effect. The table below illustrates the improvement profile of high-dose SK08 with long-term administration:



SK08 also demonstrated a substantially more favorable safety profile than eluxadoline and rifaximin. The prescribing information for eluxadoline identifies specific safety risks, including pancreatitis, sphincter of Oddi spasm and severe constipation, while the prescribing information for rifaximin warns of the risk of *Clostridioides difficile*-associated diarrhea and the need to monitor the development of drug-resistant bacteria. In the Phase II clinical trial of SK08 in subjects with IBS-D, no such related serious events were observed. The common adverse reactions listed in the prescribing information for eluxadoline, with an incidence of 5% or greater, include constipation, nausea, abdominal pain and upper respiratory tract infection. In the Phase II clinical trial of SK08, among drug-related adverse events, only one case of constipation was observed, representing 1.7%, and no adverse events related to nausea, abdominal pain or upper respiratory tract infection were observed.

Key Product SK10 — Innovative Inactivated LBP with Both Therapeutic and Preventive Potential, Poised to Transform the CID Treatment Landscape

CID Represents a Significant Unmet Clinical Need with Substantial Market Opportunity

Chemotherapy is one of the core treatment modalities for cancer and plays an irreplaceable role in oncology. However, CID, as a common and challenging adverse reaction, can directly lead to dose reduction, treatment delay, treatment discontinuation, or even regimen modification, and in severe cases, may become life-threatening. Moreover, given that cancer patients are already physically weakened, severe diarrhea further exacerbates their physical burden and diminishes their quality of life.

More critically, as of the Latest Practicable Date, there are no approved drugs specifically for the treatment or prevention of CID globally, and existing therapies are often supportive or symptom-based with safety concerns. For example, loperamide, a commonly used clinical drug, carries a risk of serious cardiotoxicity, and its maximum duration of use is strictly limited to 48 hours, making it inadequate for patients requiring long-term management or those with severe CID. In addition, the lack of approved preventive therapies means that patients generally cannot receive effective prophylactic intervention before the onset of CID, leaving clinicians to manage diarrhea only after symptoms occur, which may limit their ability to reduce the incidence, severity or recurrence of CID during cancer treatment. The availability of an effective preventive therapy could potentially shift the current treatment paradigm from post-symptom management to proactive prevention, thereby expanding the addressable patient population and creating a new growth driver in the CID market. These factors have collectively resulted in a persistent clinical need in the CID field, leaving a substantial clinical gap to be filled. According to Frost & Sullivan, the global incidence of CID was 20.3 million cases in 2025 and is expected to increase to 22.4 million cases in 2030, representing a CAGR of 2.0% from 2025 to 2030.

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SK10 Demonstrates Favorable Safety in Clinical Trials

SK10 has completed a randomized, double-blind, placebo-controlled Phase I clinical trial in the U.S., in which 50.0% of the enrolled subjects were of Chinese descent. All treatment-emergent adverse events (“TEAEs”) were mild in severity, with no moderate or severe TEAEs reported, no serious adverse events (“SAEs”) occurred, and there was no significant difference in the incidence of TEAEs between the SK10 dose groups and the placebo group. All laboratory tests, vital signs, electrocardiograms, and physical examinations revealed no clinically significant abnormalities. Hence, SK10 demonstrated a favorable safety and tolerability profile, with dose escalation not leading to increased incidence or severity of adverse events.

SK10 Offers Multiple Advantages Targeting the Treatment Challenges for CID Patients

SK10 is an inactivated LBP designed to precisely address the key clinical pain points in current CID treatment. It offers three core advantages: firstly, it has a superior safety profile with a lower incidence of adverse reactions compared to live bacterial formulations, making it suitable for immunocompromised cancer patients. Secondly, it possesses excellent commercial potential as it can be stored and transported at room temperature without special conditions, resulting in lower commercialization and distribution costs. Thirdly, it has the potential to be used prophylactically before or during chemotherapy, which may shift CID management from post-symptom treatment to proactive prevention, expand the addressable treatment setting and create incremental market opportunities. Fourthly, it has a well-defined mechanism of action supported by preclinical efficacy data. SK10 exerts its therapeutic effects through repairing the intestinal mechanical barrier and regulating the intestinal immune barrier.

Preclinical studies have demonstrated that in a mouse model of CID induced by irinotecan, a commonly used chemotherapeutic agent, SK10 reduced the incidence of Grade 3 diarrhea by 20.0%, and the area under the curve (AUC) of diarrhea scores decreased by 39.0% compared to the model group. Mechanistically, SK10 exerts its therapeutic effects through two primary pathways: repairing the intestinal mechanical barrier and regulating the intestinal immune barrier. Through mechanical barrier repair, SK10 inhibits chemotherapy-induced intestinal epithelial cell damage and apoptosis, modulates the expression of proteins related to apoptosis and anti-apoptosis, and repairs the damaged intestinal barrier. Through immune regulation, SK10 suppresses chemotherapy-induced intestinal inflammatory responses, reduces the production of inflammatory cytokines, and decreases intestinal inflammatory injury, thereby effectively treating CID.

Establishment of an End-to-End R&D-Clinical-Manufacturing Platform Solving LBP Commercial-scale Production Hurdles

We have established an end-to-end, full-lifecycle industrial value chain spanning laboratory research, clinical translation, and commercial manufacturing. We have built an industry-leading, GMP-compliant integrated platform for both anaerobic and aerobic fermentation and formulation at a 5,000-liter scale. By overcoming key technical challenges including high-density microbial fermentation, room-temperature stable formulation, and plant-derived culture media fermentation, we have achieved a complete transition from laboratory research and clinical validation to early-stage commercial manufacturing for LBP. With large-scale production and delivery capabilities, we have laid a solid industrial foundation to support the future commercial launch of our products and drive our growth trajectory.

Manufacturing Scale Ready for Early-stage Drug Commercialization

Our manufacturing platform can meet commercial supply needs at the early stage following product launch. We have built a GMP-compliant, large-scale fermentation production line at a 5,000-liter scale, with an annual production capacity of approximately 15 million packets of powder and 100 million capsules which can support hundreds of millions of RMB in annual output value.

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In addition, we possess established process scale-up and technology transfer capabilities. We have mastered the key control parameters for core LBP manufacturing processes, effectively breaking through the technical barriers that often hinder the transition from laboratory-scale processes to industrial-scale production. This enables efficient replication and smooth technology transfer of R&D-stage processes to GMP-compliant large-scale production lines. We also have the capability for continuous process optimization, allowing us to steadily reduce costs and improve efficiency while ensuring product quality consistency, thereby enhancing the economic viability of our industrial-scale operations.

Addressing Core Technical Challenges in the Industrial-scale LBP Production

High-density Fermentation Technology: Leveraging our 5,000-liter fermentation platform, we have broken through key technical barriers in high-density fermentation for both anaerobic and aerobic bacteria, achieving fermentation densities of up to 10^{10} CFU/mL. This ensures stable quality and reliable supply of core active pharmaceutical ingredients from the source, solidifying the foundation for our industrial-scale production capacity.

Customized Culture Media Development Strategy: We have adopted a plant-derived component and chemically defined culture media system. By tailoring media formulations and conducting customized design based on the biological characteristics of each strain, we mitigate the risk of exogenous factor contamination at the source and have established a comprehensive biosafety control system. This quality control strategy aligns with internationally recognized standards, significantly enhancing product safety and quality controllability while paving the way for future international registration and global market expansion.

Room-temperature Stable Formulation Technology: Leveraging our proprietary core lyophilization and formulation technologies, we have overcome the industry challenge of room-temperature storage for live bacterial drugs. Our products exhibit excellent stability and reduce heavy reliance on cold-chain transportation. This effectively expands the geographic reach of our products while significantly lowers our commercial logistics and channel operating costs.

High-standard Quality Control Strategy: Guided by the “Quality by Design” (QbD) philosophy, we proactively align with regulatory requirements and have established stringent internal control standards for critical parameters such as cell bank purity and potency. We were among the first in the industry to implement higher internal standards for viable bacterial count and have developed specialized analytical testing methods to exercise meticulous control over key risk points, including culture media residuals and exogenous factors. This ensures precise and consistent dosing and stable, uniform clinical efficacy. Through systematic research on key quality attributes of second-generation LBP and the establishment of industry-leading quality control standards, we have set a quality benchmark in the LBP field.

Inactivation Technology Expansion Supporting Next-generation Drug Discovery

Based on a deep understanding of the biological characteristics of different bacterial strains, we have broken through the core technical barriers of precise thermal inactivation. Our inactivation process achieves 100% absence of viable bacterial residues while completely preserving the cell wall structure, thereby maximizing the retention of active functional components, including functional proteins and short-chain fatty acids. Concurrently, we have established scientific and precise analytical methods for quantifying inactivated bacterial components. Leveraging these breakthroughs, we have built a comprehensive next-generation drug development platform. Our key product, SK10, being the first inactivated LBP candidate developed by a China-based company to receive FDA IND approval, has completed Phase I clinical trials in the U.S. In parallel, we have successfully developed AKK AM06™, a NGP raw material. This dual-track approach enables synergistic development across therapeutic and health ingredient pipelines, continuously expanding the scope of our business.

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Next-generation Probiotic Business Targeting the Broad Consumer Market

The traditional probiotic raw material market has reached a relatively mature stage, characterized by widespread product homogeneity and insufficient functional differentiation. Benefiting from breakthroughs in microbiome and bioinformatics research, NGP, which undergo scientific screening and functional validation, offer more pronounced functional specificity and greater potential for health benefits. As a result, this market is entering a period of rapid growth.

Supported by our long-established R&D system, strain development capabilities, and industrialization experience in the LBP field, we are able to accurately assess the functionality, safety, and commercial potential of bacterial strains, enabling us to proactively identify high-quality NGP candidates. Furthermore, we have extended our pharmaceutical-grade R&D logic and quality control systems into the NGP sector. Drawing on our strong CMC development capabilities, we have successfully transitioned our technologies to probiotic raw material development, establishing high-quality technical barriers that are difficult to replicate and creating differentiated competitive advantages.

According to publicly available information, our proprietary AKK AM06™, derived from healthy human breast milk, is the first and one of only two breast milk-derived AKK strains on the market to have obtained recognition from the FDA. Based on our research data, it offers excellent characteristics including high genetic stability, and robust tolerance to pH and bile salt variations, making it suitable for the development of next-generation consumer health products. In addition, we have independently developed the PROFORCARE® precision inactivation technology tailored to the characteristics of the AKK strain. This technology achieves 100% bacterial inactivation with no viable bacterial residues while fully preserving the nutritional and structural integrity of the AKK, representing industry-leading inactivation capabilities.

AKK is a representative strain in the NGP field. Its abundance abnormality is closely associated with the onset and progression of various metabolic diseases. AKK has already received approval as a novel probiotic raw material in Europe, North America, and other regions, with increasing market acceptance and rapidly growing market size. According to Frost & Sullivan, the global probiotic raw materials for human health market size is expected to reach USD3.0 billion by 2030, while the China market size is expected to reach USD0.5 billion.

Experienced R&D and Management Team with Deep Expertise and Industry Insight Supported by Reputable Biotech Investors

The LBP industry has high technical barriers and demands strong professional backgrounds and extensive hands-on experience from R&D personnel. We place great emphasis on talent development, and our core R&D team is stable and experienced, with strong R&D execution capabilities that effectively drive our sustained growth. Under the strategic guidance of Dr. Zhi, we have built an R&D and management team with global vision and incisive industry insight. As of the Latest Practicable Date, our R&D team comprised 58 members, 20 of whom hold master’s degrees or above. Our core R&D team consists of eight members with expertise spanning the fields of novel drug R&D, clinical trials, and pharmaceutical microbiology technologies, and they have an average of over 14 years of experience working in the biopharmaceutical industry. Particularly, each of Dr. Wang, Dr. Liu Yangyang and Dr. Li Ping is a core member of the Guangzhou Innovation Leadership Team (廣州市創新領軍團隊).

Our Chairman, Dr. Zhi, with over 40 years of professional experience, is responsible for our overall strategic business planning. Dr. Zhi is an expert entitled to the Special Government Allowance granted by the State Council of the PRC, a nationally recognized young and middle-aged expert with outstanding contributions 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), and the project lead of a major National 863 Program. Moreover, he has received numerous honors, including the inaugural “National Outstanding Physician — Exemplary Role Model (國之名醫·優秀風範)” award. He possesses deep expertise in the prevention and treatment of small intestinal inflammatory diseases, endoscopic diagnosis and treatment of pancreatic and biliary diseases, and translational research on intestinal microecology, and is recognized as an influential expert in gastroenterology and digestive endoscopy in China.

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Our general manager, Dr. Wang Ye, is responsible for the implementation of our development strategy, management of financing and investment matters, and the coordination of various subordinate business divisions. Dr. Wang has over 20 years of experience in the pharmaceutical industry and has previously served at Bio-Thera Solutions (Guangzhou) Co., Ltd. (百奥泰生物科技(廣州)有限公司) (currently known as Bio-Thera Solutions, Ltd. (百奥泰生物製藥股份有限公司)) (688177: SH) and the Guangdong South China New Drug Creation Center (廣東華南新藥創制中心). His deep industry expertise and management acumen in the pharmaceutical sector have been instrumental in helping us achieve our strategic objectives, thereby maintaining stable and sustained business performance.

Our deputy general manager, Dr. Liu Yangyang, is responsible for the R&D and business collaboration matters. With over 15 years of academic research and industry experience in the field of LBP, Dr. Liu possesses in-depth knowledge of product development and translational processes for LBP and NGP. During his tenure at our Company, he successfully advanced multiple projects and provided critical support to our business expansion.

Since our inception, we have received strong support from a number of renowned investment institutions in the biotechnology sectors, such as Shenzhen Capital Group and other leading state-owned venture capital firms, top-tier industry strategic investors and prominent international venture capital funds. Such robust backing from both industry players and institutional investors underscores the market’s recognition of our technological capabilities and confidence in our long-term growth trajectory. These strategic partnerships not only provide us with financial resources but also bring valuable industry expertise, network access and operational guidance, further strengthening our competitive position in the rapidly evolving biotechnology landscape.

OUR STRATEGIES

Advancing Core and Key Products from R&D to Commercialization

We are dedicated to developing LBP that address significant unmet clinical needs and overcome the limitations of traditional drug therapies. Currently, multiple clinical trials are being conducted simultaneously across various indications for SK08 and SK10 and we will prioritize the clinical development and global commercialization of our Core and key products.

SK08 Clinical Development Plan

IBS-D: The Phase III clinical trial commenced in March 2024, with a planned enrollment of 1,298 patients. As of the Latest Practicable Date, 690 patients have been enrolled. We plan to complete Phase III enrollment and primary efficacy endpoint assessment in 2027 and submit an NDA application to the NMPA in 2028. Subject to the regulatory approval, we will actively advance the large-scale manufacturing and commercialization of SK08.

Pediatric Rotavirus Diarrhea: We have received NMPA approval for a Phase II clinical trial and this is the first second-generation LBP approved in China for the clinical development of a pediatric disease. We plan to initiate the Phase II clinical trial in 2027 and expect to complete such trial by 2028.

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Combination Therapy with Anti-PD-1/L1 Monoclonal Antibodies for Advanced Solid Tumors: In 2022, we received NMPA approval to conduct an Ib/II Phase clinical trial evaluating the safety and tolerability of this combination therapy in patients with advanced solid tumors. We plan to resubmit an IND application for a Phase II clinical trial, with the expected initiation in 2028 and the expected completion in 2029.

UC: Both the NMPA and the FDA have granted approval for us to conduct a Phase II clinical trial of SK08 for the treatment of mild active UC. We plan to initiate this Phase II trial in China in 2027 and expect to complete such trial by 2029.

SK10 Clinical Development Plan

SK10 has completed a Phase I clinical trial in the U.S. and demonstrated a favorable safety profile. Further, we received the Acceptance Notice from the CDE regarding a Phase II clinical trial of SK10 in the prevention and treatment of CID on June 10, 2026, and we plan to commence this trial in the fourth quarter of 2026. In addition, we plan to conduct a Phase II clinical trial in the U.S., which is expected to commence in 2028 and to be completed by 2029.

Strengthening Early-stage and Collaborative R&D to Enrich Our Product Pipeline

We have established an internationally competitive research platform for studying the relationship between human pathogenic/commensal microbial spectra and diseases, a platform for screening novel functional strains and identifying targets, and a live bacterial drug development platform. Hence, this platform provides us with the capability to continuously generate new product pipelines. We currently have multiple preclinical-stage candidates in our pipeline, including ZY19 (a natural bacterial drug) and TP2 (a bacterial component-based drug). These products have demonstrated promising efficacy data in preclinical studies, reflecting the development potential of our early-stage product pipeline. We will continue to strengthen our technology platform capabilities and enhance our investment in early-stage R&D, continuously expanding the therapeutic applications of LBP and further solidifying our industry leadership.

In parallel, in light of the rapid growth of the LBP and NGP markets, coupled with high R&D and industrialization barriers and the lack of full-chain development capabilities among most market participants, we are actively advancing our collaborative R&D strategy. We provide business partners with one-stop solutions ranging from strain screening to industrialization, thereby bridging their capability gaps. By doing so, we aim to fully unlock the synergistic value and production potential of our mature R&D platform, enrich our pipeline through sharing in commercial returns, and further consolidate our industry leadership position.

Enhancing End-to-End Operational Capabilities from Manufacturing to Commercial Launch

With respect to manufacturing capacity, we have built pilot-scale plants capable of fully supporting clinical-stage supply for SK08 and R&D needs for other product candidates. To support the early commercial production needs of SK08 following its anticipated market launch, we plan to upgrade and renovate our existing pilot plants. At the same time, given the significant market potential of SK08 for the treatment of IBS-D, the capacity of the renovated plants is expected to be insufficient to meet long-term commercial demand. Accordingly, we plan to further develop a larger-scale production line to provide sufficient and stable production capacity to support the market expansion of SK08. Upon completion, the existing plant used for early-stage commercial production will be repurposed for the clinical-stage production of multiple subsequent pipeline products, or the commercial production of NGP AKK AM06™, thereby enabling efficient utilization of our production capacity.

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With respect to sales and commercialization, following the anticipated regulatory approval of SK08, we plan to establish collaborations with distributors and CSO to leverage their sales and marketing capabilities and established distribution networks, thereby rapidly expanding the reach of SK08 into target medical institutions and pharmacies and benefiting a broader patient population. Concurrently, we will actively pursue the inclusion of SK08 in the National Reimbursement Drug List (“NRDL”) for Basic Medical Insurance, Maternity Insurance and Work-related Injury Insurance, with the aim of reducing patients’ out-of-pocket expenses and accelerating product uptake. Based on the foregoing, and given the favorable safety profile of SK08, we intend to apply for the reclassification of SK08 as an over-the-counter product, which would lower the access threshold for patients and further broaden the product’s market reach.

R&D-powered Next-generation Probiotics Driving Competitiveness and Value

Building on our proven R&D leadership in the LBP field and capitalizing on industry growth opportunities, we are committed to advancing the approval and commercialization of our Core Product while simultaneously pursuing our NGP business. This dual-pronged approach is designed to fully unlock the value of our R&D platform and achieve sustainable long-term growth.

In the NGP business segment, we will capitalize on the unique advantage of AKK AM06™ as the first and one of only two breast milk-derived AKK strains on the market to have obtained recognition from the FDA. Through participation in industry exhibitions and academic promotional activities, we will actively expand our customer channels both domestically and internationally, promoting the core strengths of our products to downstream manufacturers and brands in the broader health and wellness sector. These efforts are designed to increase our market share and unlock the significant potential of the consumer market. Concurrently, we will continue to leverage our technological platform advantages to advance the screening and development of second-generation probiotic strains with differentiated competitiveness, continuously identifying new revenue growth drivers within the expansive consumer market.

Strengthening R&D and Management Talent to Sustain Industry Competitiveness

We believe that talent is the cornerstone of innovation and that our achievements to date are attributable to the contributions of our R&D and management teams. We will continue to attract outstanding industry talent to build a competitive, industry-leading R&D and management team, while continuously improving our internal trainings and incentive systems. By maintaining the stability of our core team and consistently identifying and developing exceptional talent, we expect to further enhance our R&D efficiency and execution capabilities. This will enable us to capitalize on opportunities in the rapidly evolving industry environment and to further consolidate our leading position in the market.

Pursuing Strategic Partnerships to Expedite Global Business Expansion

Against the backdrop of rapid global development in the LBP industry and the sustained release of demand for high-quality products in overseas markets, we have established a R&D and industrialization platform for LBP, laying a solid foundation for our global business expansion. Going forward, we will pursue a multi-tiered global market strategy while focusing on two core initiatives: out-licensing of our Core Product and key product, and in-licensing of high-quality pipeline assets. Our Core Product and key product, SK08 and SK10, are among the global leaders in the clinical development for their respective indications, demonstrating significant out-licensing value and commercial potential. We will actively seek strategic partners worldwide to accelerate the clinical development, regulatory filing, and commercial rollout of both the Core and key products in overseas markets, thereby maximizing their asset value. In addition, we will continuously monitor promising early-stage projects in the global LBP field. Through inbound licensing, strategic collaborations, and other diversified approaches, we will introduce high-quality innovative pipelines and cutting-edge technologies from abroad, further enriching our product portfolio, enhancing our global product matrix, and continuously strengthening our core competitive advantages in the global market.

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OUR PRODUCT PIPELINES (PHARMACEUTICAL PIPELINES)

As of the Latest Practicable Date, we have developed six drug candidates, including one Core Product, one key product and four other products, across gastrointestinal diseases, oncology, cancer therapy-related complications, metabolic disorders, and autoimmune diseases. These candidates target indications including irritable bowel syndrome (“IBS”), pediatric rotavirus diarrhea, ulcerative colitis (“UC”), advanced solid tumors, chemotherapy-induced diarrhea (“CID”), oral mucositis (“OM”), metabolic diseases, atopic dermatitis (“AD”), psoriasis, and other autoimmune diseases.

All of our pipeline candidates are biological products, as categorized by the Competent Authority, including (i) two clinical-stage products, including (a) SK08, our Core Product, a live biotherapeutic product (“LBP”) containing the novel *Bacteroides fragilis* strain ZY-312, for the treatment of IBS, pediatric rotavirus diarrhea, UC, and advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies; (b) SK10, our key product, an LBP containing inactivated *Bacteroides fragilis*, for the prevention and treatment of CID; and (ii) four preclinical candidates, including (a) TP2, a bacterial component for the treatment of autoimmune diseases; (b) SK16, an LBP for the treatment of OM; (c) SK12, an LBP for the treatment of AD and psoriasis; and (d) ZY19, an LBP for the treatment of metabolic diseases.

The chart below summarizes our drug candidates and their development status as of the Latest Practicable Date:

New Drug Pipeline

Project	Feature	Indication	Regulatory Authority	Pre-clinical	IND	Phase I	Phase II	Phase III	Completed/Next Milestone	Commercial Rights
★ SK08	LBP	Irritable bowel syndrome	NMPA						To complete Phase III Primary Efficacy Endpoint Assessment in Q4 2027	Global
		Acute diarrhea in children caused by rotavirus (pediatric rotavirus diarrhea)	NMPA						To enter Phase II in Q3 2027	Global
		Ulcerative colitis	NMPA						To enter Phase II in Q4 2027	Global
			FDA						IND approved in January 2025	Global
		Advanced solid tumors (in combination with anti-PD-1/L1 monoclonal antibodies)	NMPA						To enter Phase II in Q4 2028	Global
☆ SK10	LBP	Chemotherapy-induced diarrhea	FDA						To enter Phase II in Q1 2028	Global
			NMPA						To enter Phase II in Q4 2026	Global
TP2	Bacterial components	Autoimmune diseases	N/A						To submit the IND in Q4 2028	Global
SK16	LBP	Oral mucositis	N/A						To submit the IND in Q4 2028	Global
SK12	LBP	Atopic dermatitis/Psoriasis	N/A						To submit the IND in Q4 2029	Global
ZY19	LBP	Metabolic Diseases	N/A						To submit the IND in Q4 2029	Global

★ Core Product ☆ Key product → Exempted from this phase of clinical trial → Received the Acceptance Notice for the IND application regarding direct initiation of a Phase II clinical trial

Notes:

- In January 2025, given the relevant safety and preliminary efficacy data of SK08 obtained from Phase I and Phase II clinical trials in China, the FDA approved SK08 to directly initiate a Phase II clinical trial in the U.S. for the UC indication without the need to conduct a separate Phase I clinical trial in the U.S.;
- In March 2022, we obtained IND approval from the NMPA for a Phase Ib/II clinical trial of SK08 in advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies. We plan to resubmit an IND application for a Phase II clinical trial of SK08 for this indication. Such direct progression to Phase II is expected to be considered by the NMPA with reference to its previous IND approval in relation to this indication and SK08’s accumulated clinical data in other indications, particularly safety and tolerability data, which are directly relevant to the primary objectives of Phase I clinical trials. Such clinical data are expected to be further supplemented by additional data from SK08’s ongoing and planned clinical trials before the resubmission. For further details, see “Our Product Pipelines (Pharmaceutical Pipelines) — SK08, Our Core Product” — “Material Communications with Competent Authorities” in this section; and
- In June 2026, based on the safety and tolerability data obtained from the Phase I clinical trial of SK10 in the U.S., we submitted an IND application to the NMPA for a Phase II clinical trial of SK10 and then received the Acceptance Notice for this application.

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SK08, Our Core Product

Overview

SK08, our Core Product, is an in-house-developed, orally administered LBP based on a novel strain of *Bacteroides fragilis* (ZY-312), for the treatment of IBS, pediatric rotavirus diarrhea, UC, and advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies. As of the Latest Practicable Date, our patent portfolio relating to this product candidate comprised 14 material patents granted in the PRC, 11 material patent applications in the PRC, two material patent applications in the U.S., and three material patent applications in other jurisdictions, covering, among others, its bacterial strain, method of use and manufacturing process. According to Frost & Sullivan, SK08 is the first LBP to obtain registrational clinical trial approvals from both the NMPA and the U.S. FDA. It is also the world’s first LBP entered into clinical development using *Bacteroides fragilis*. Furthermore, SK08 is currently in the Phase III clinical trial for IBS-D, making it the only late-stage clinical biological drug candidate in the global IBS-D field, as of the Latest Practicable Date.

As of the Latest Practicable Date, we have completed a Phase I clinical trial in healthy subjects in China, and after completing this trial, (i) for IBS indication, we have completed a Phase II clinical trial and are conducting a Phase III clinical trial in China, with the expectation to complete enrollment by the third quarter of 2027 and submit the NDA in the second half of 2028; (ii) for pediatric rotavirus diarrhea indication, we have obtained approval for a Phase II clinical trial in China and expect to commence the trial in the third quarter of 2027; (iii) for UC indication, we have obtained regulatory approvals to initiate Phase II clinical trials in both China and the U.S. and expect to commence the trial in China in the fourth quarter of 2027; (iv) for advanced solid tumor in combination with anti-PD-1/L1 monoclonal antibodies, we plan to resubmit the IND application for this program and then commence the relevant clinical trial in the fourth quarter of 2028, as the validity period of the previous IND approval had expired.

Drug Design and Mechanism of Action

As an LBP candidate based on a novel strain of *Bacteroides fragilis*, SK08 primarily exerts its effects by protecting the intestinal barrier, modulating local immune responses and enhancing the body’s ability to respond to viruses or tumors, with potential applications in IBS, pediatric rotavirus diarrhea, UC and advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies. In IBS, SK08 alleviates visceral hypersensitivity by upregulating SERT expression in the intestinal epithelium and promoting 5-HT reuptake.

Mechanism of Action of SK08 in IBS and UC

IBS and UC are distinct intestinal diseases with partially overlapping pathophysiological features. IBS is mainly characterized by visceral hypersensitivity, while UC is an inflammatory disease characterized by intestinal mucosal inflammation and injury. Common features of these two diseases include impaired intestinal barrier function, dysregulated local immune responses. Based on our preclinical data and published literature, SK08 may act through overlapping mechanisms in IBS and UC, with different disease-specific emphasis.

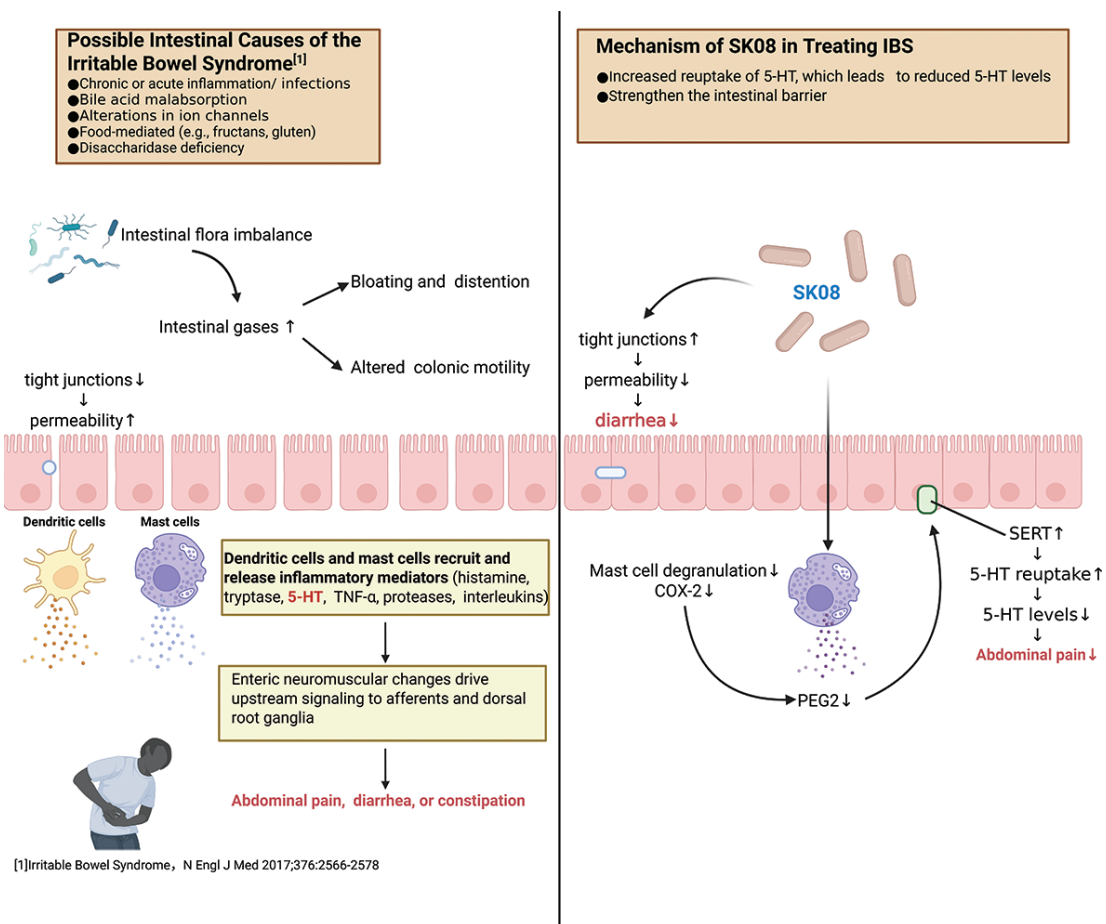
Mechanism of Action of SK08 in IBS:

- **Reducing Visceral Hypersensitivity:** In preclinical *in vivo* animal studies, SK08 reduced the abdominal withdrawal reflex score by 49% relative to the model group in an acetic acid plus restraint stress-induced model, thus demonstrating a significant improvement in pain sensitivity. Further research revealed that the analgesic effect of SK08 is closely associated with its unique mechanism of action. Our preclinical data suggest that SK08 does not directly reduce the release of certain pain-related substances (particularly 5-HT) in the intestine, but instead promotes more efficient reabsorption of 5-HT by intestinal cells through SERT, thereby reducing persistent stimulation of intestinal nerves by 5-HT and alleviating abdominal pain and other discomfort. In other words, by enhancing 5-HT reuptake to reduce free 5-HT in the intestinal mucosa, SK08 reduces pain without directly blocking receptor activity. This mechanism is particularly relevant to IBS, where visceral hypersensitivity is a hallmark feature.

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- Repairing Intestinal Barrier Protection:** Our preclinical data suggest that SK08 may enhance the protective mucus layer on the intestinal surface by upregulating mucin2 (“**MUC2**”), and strengthen the connections between intestinal cells by increasing zonula occludens-1 (“**ZO-1**”) expression, thereby reducing intestinal permeability and limiting the entry of external irritants and harmful substances into deeper intestinal tissues. This effect is particularly important in IBS, as symptoms are often more likely to recur or worsen once the intestinal barrier is impaired.
- Promoting Intestinal Immune Tolerance:** Our preclinical data and related literature (e.g., Mazmanian S. K. et al. *Nature*, 2008) suggest that SK08 and its related components, such as polysaccharide A (“**PSA**”), may help restore balance in intestinal immune responses and reduce unnecessary immune overactivation, potentially by (i) modulating signaling involving immune cells, such as regulatory T cells (“**Treg cells**”), that help coordinate immune responses; and (ii) promoting a more tolerant local immune environment, which may reduce mast cell degranulation or activation (i.e., the release of inflammatory substances or the triggering of inflammatory responses) and thereby alleviate inflammation and irritation.

The following figure illustrates the mechanism of action of SK08 in IBS:



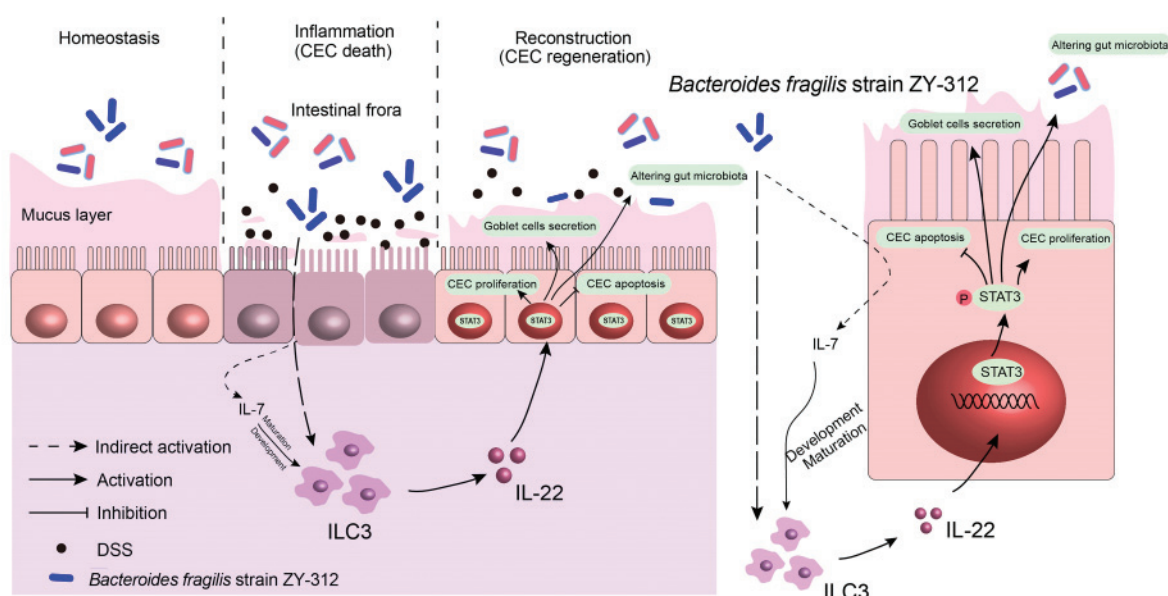
Source: the Company

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Mechanism of Action of SK08 in UC:

- Repairing Intestinal Barrier Protection and Promoting Mucosal Healing:** Similar to its proposed effect in IBS, SK08 may enhance the protective mucus layer by upregulating MUC2 and strengthen intestinal epithelial connections by increasing ZO-1 expression, thereby reducing intestinal permeability. In UC, SK08 may promote group 3 innate lymphoid cells (“ILC3”) to secrete interleukin-22 (“IL-22”) through interleukin-7 (“IL-7”) signaling. Specifically, SK08 stimulates intestinal epithelial cells to secrete IL-7, which promotes the differentiation and maturation of ILC3. In addition, by activating ILC3, SK08 increases the secretion of IL-22, which in turn activates the signal transducer and activator of transcription 3 (STAT3) pathway to promote intestinal mucosal regeneration and healing.
- Promoting Intestinal Immune Tolerance and Suppressing Inflammation:** Similar to its proposed immunomodulatory effect in IBS, SK08-related components, such as PSA, may help restore balance in intestinal immune responses and reduce unnecessary immune overactivation, potentially through modulation of Treg cells. In UC, SK08 may also inhibit inflammatory pathways in intestinal tissue, including toll-like receptor 2 (TLR2), toll-like receptor 4 (TLR4), myeloid differentiation primary response 88 (MyD88) and nuclear factor kappa B p65 (NF-κB p65), thereby suppressing excessive intestinal inflammation.
- Modulating Gut Microbiota:** Based on our preclinical data, SK08 may modulate gut dysbiosis in animals of intestinal inflammation, with a reduced relative abundance of the genus *Allobaculum* and increased relative abundances of the genera *Ruminococcus* and *Lactobacillus*. This mechanism is relevant to UC because gut microbiota dysbiosis is associated with intestinal inflammation and disruption of intestinal homeostasis.

The following figure illustrates the mechanism of action of SK08 in UC:



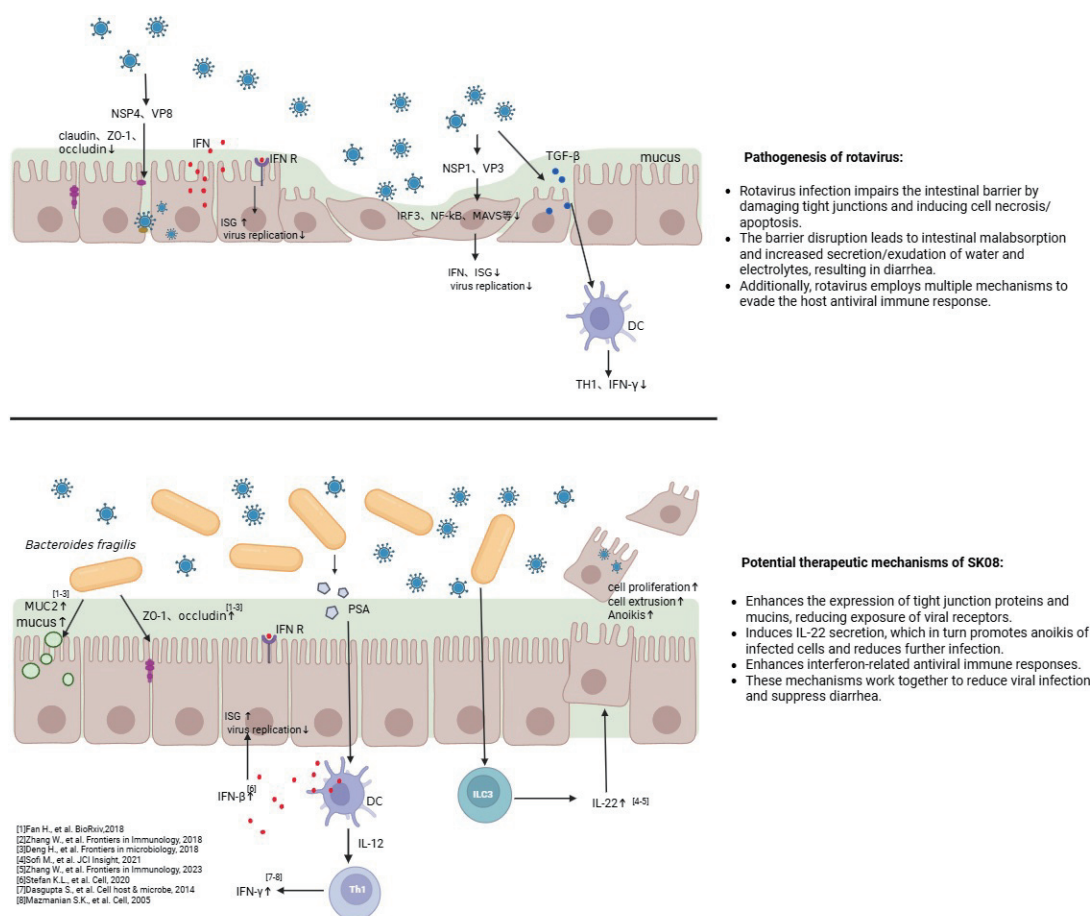
Source: Zhang W. et al., *Front. Immunol.*, 2017

Mechanism of Action of SK08 in Pediatric Rotavirus Diarrhea

Pediatric rotavirus diarrhea is primarily associated with rotavirus-induced damage to the intestinal barrier, including injury to intestinal surface cells and disruption of their connections. Similar to the mechanism observed in IBS and UC indications, once the intestinal barrier is impaired, its protective function is weakened and the intestine becomes more susceptible to viral attack and other external stimuli, which may in turn lead to reduced absorption and increased secretion or exudation, ultimately resulting in diarrhea.

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Based on published literature (e.g., Stefan K. L., et al. *Cell*, 2020; Mazmanian S. K., et al. *Cell*, 2005) and our preclinical data, SK08 is supposed to act in this indication mainly by (i) strengthening the intestinal barrier, on the one hand by increasing the expression of intestinal mucins and tight junction proteins (such as ZO-1 and occludin), may reduce the exposure of viral receptors and decrease infection, and on the other hand, SK08 stimulates the secretion of IL-22, which promotes intestinal repair and facilitates the extrusion of infected cells into the intestinal lumen, thereby reducing subsequent infection of other intestinal cells; as well as (ii) enhancing the body’s antiviral response by promoting the production of immune molecules (e.g., IFN- β and IFN- γ) that help defend against viral infection and suppress viral replication. Such a mechanism is illustrated by the diagram below:



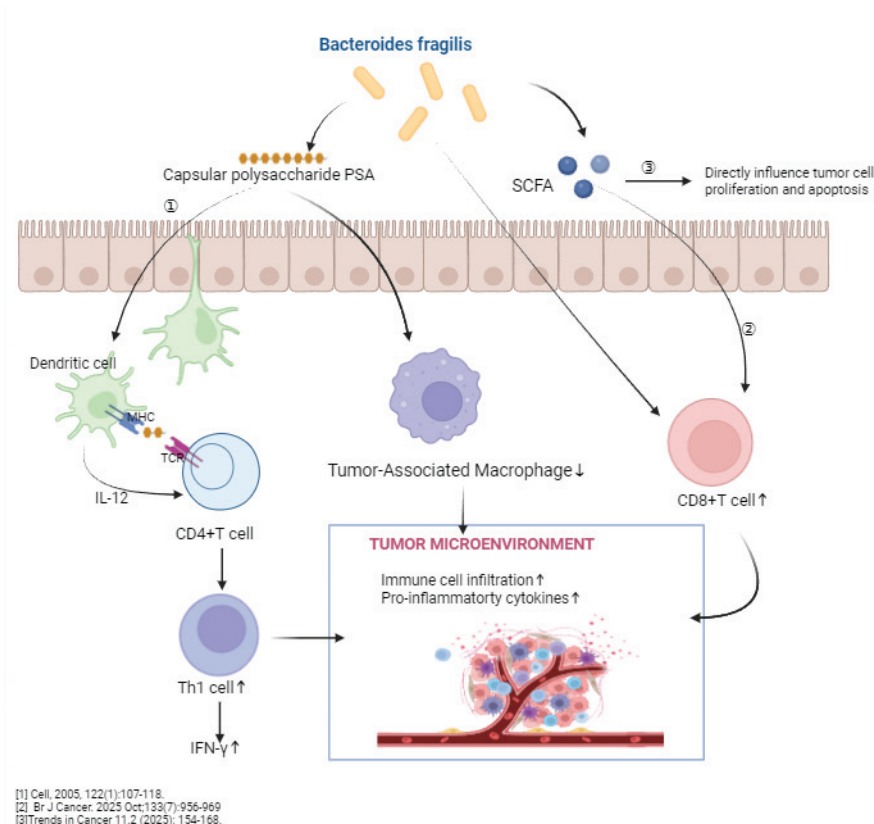
Source: the Company

Mechanism of Action of SK08 in Advanced Solid Tumor (with anti-PD-1/L1 Monoclonal Antibodies)

In tumor treatment, a key role of immune checkpoint inhibitors (e.g., anti-PD-1/L1 monoclonal antibodies) is to restore the immune system’s ability to recognize and attack tumor cells. However, not all patients achieve satisfactory efficacy, and one important reason is that the anti-tumor immune response may be insufficiently active. According to published literature (Vétizou M., et al. *Science*, 2015; Matson V., et al. *Curr Opin Pharmacol*, 2020; An D., et al. *Chem Sci*, 2023), *Bacteroides fragilis*-related components and metabolites, such as PSA and short-chain fatty acids (“SCFAs”), may help activate immune cells involved in anti-tumor responses and enhance the immune system’s recognition and attack of tumor cells, for example by (i) promoting dendritic cell maturation and IL-12 secretion triggers Th1 responses and facilitates anti-tumor immune activation; and (ii) enhancing the infiltration of CD8+ T cells into the tumor microenvironment, which facilitates the direct killing of tumor cells. Certain related metabolites, such as SCFAs, may also directly affect tumor cell growth, including by inducing

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programmed tumor cell death or inhibiting cell proliferation. Overall, in this setting, *Bacteroides fragilis*, including SK08, is not intended to directly replace anti-tumor therapies, but rather to enhance the efficacy of immune checkpoint inhibitors by improving the body’s immune environment. Such a mechanism is illustrated by the diagram below:



Source: the Company

Market Opportunity and Competition

SK08 is a product candidate developed based on the concept of LBPs, and is intended for IBS, UC, pediatric rotavirus diarrhea and oncology-related indications. According to Frost & Sullivan, the patient populations for the above indications are substantial, and significant unmet medical needs generally remain in disease management. Meanwhile, as an emerging therapeutic category, LBPs are still at a stage of rapid development, with a limited number of approved products overall and a growing number of pipeline candidates under development, which may provide SK08 with broad market opportunities and differentiated competitive positioning.

Overview of the LBP Market

Pursuant to the draft guidance of Early Clinical Trials with Live Biotherapeutic Products: Chemistry, Manufacturing, and Control Information, the FDA defines LBPs as a class of biological products containing live organisms, such as bacteria, that are intended for the prevention, treatment, or cure of human diseases or conditions, and that are not classified as vaccines. In China, although the term “LBPs” is not expressly used as a standalone statutory category, products of this nature are generally regulated under the framework for biological products, as biological products are defined to include products made from microorganisms and other biological materials under the Requirements for Registration Classification and Application Dossiers of Biological Products issued by the NMPA in 2020.

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The development of LBP can be broadly divided into first-generation LBPs developed during the early exploratory stage before the establishment of a unified regulatory framework, and second-generation LBPs developed under a modern pharmaceutical development framework with defined development indications, clinical evidence requirements and CMC controls, according to Frost & Sullivan. Nowadays, LBPs represent an emerging, high-potential segment of the global biopharmaceutical industry, and also an expansion beyond drugs based on defined active entities, such as antibodies and proteins, towards systematic treatments based on microecological modulation.

According to Frost & Sullivan, the global LBPs market was valued at USD4.7 billion in 2025 and is expected to reach USD7.5 billion by 2030, representing a CAGR of 9.8% from 2025 to 2030, while the China LBP market was valued at USD1.1 billion in 2025 and is expected to reach USD1.9 billion by 2030, representing a CAGR of 11.6% from 2025 to 2030. As of the Latest Practicable Date, there are four approved second-generation LBP products and nine late-stage (Phase III and beyond) second-generation LBP candidates globally, according to Frost & Sullivan. In comparison, as of the Latest Practicable Date, (i) the 17 LBPs approved for marketing in China are first-generation products, all of which obtained marketing approval before 2010; and (ii) there are 16 clinical-stage second-generation LBP candidates in China, indicating that the LBP industry remains at a relatively early stage with significant room for further innovation and commercialization. For further details, see “Industry Overview — Overview of the LBP Market.”

SK08 in the LBP Market

SK08 has several distinguishing features in China’s LBP market, including its pioneering clinical milestones, novel strain R&D basis and orally administered product form. Firstly, according to Frost & Sullivan, SK08 is the first LBP to obtain registrational clinical trial approvals from both the NMPA and the U.S. FDA, and it is the only late-stage clinical biological drug candidate in the global IBS-D field, as of the Latest Practicable Date. Secondly, the scientific potential of *Bacteroides fragilis* across multiple diseases has long been recognized by the industry, while its pharmaceutical translation involves high technical barriers, according to Frost & Sullivan. In this context, according to Frost & Sullivan, as of the Latest Practicable Date, SK08 is the first and only clinical-stage LBP candidate globally developed based on *Bacteroides fragilis*, which provides a differentiated biological basis for the product. Thirdly, as an orally administered LBP, SK08 offers a convenient route of administration, which may improve patient compliance and facilitate outpatient or home-based use.

SK08 for IBS: Market, Treatment and Competitive Landscape

IBS is a common chronic functional gastrointestinal disorder characterized by recurrent abdominal pain, bloating and altered bowel habits, which may materially impair patients’ quality of life and create a substantial long-term healthcare burden. IBS with diarrhea (“**IBS-D**”) is a major subtype of IBS characterized predominantly by diarrhea, often accompanied by recurrent abdominal pain, urgency, and other bowel-related symptoms. According to Frost & Sullivan, among patients with IBS, IBS-D accounts for approximately 70.0% of the patient population. In 2025, the number of IBS patients, prevalence rate and diagnosis rate were 165.8 million, 11.8%, and 25.0%, respectively, in China. According to Frost & Sullivan, the China IBS drug market reached RMB5.8 billion in 2025 and is expected to reach RMB7.3 billion in 2030, representing a CAGR of 4.8% from 2025 to 2030. Within the IBS market, the China IBS-D drug market reached RMB4.0 billion in 2025 and is expected to reach RMB5.1 billion in 2030, representing a CAGR of 5.0% from 2025 to 2030. These growing patient populations and market sizes highlight the market opportunity in IBS and IBS-D treatment.

Current therapeutic options for IBS remain limited and mainly aim to relieve individual symptoms rather than provide comprehensive disease control, and most of them have limitations regarding long-term use. For example, antispasmodics act on specific ion channels in intestinal smooth muscle to alleviate spasms. However, as such drugs primarily provide symptomatic relief by reducing smooth muscle contraction, they do not directly address the broader pathophysiological mechanisms of IBS-D, such as visceral hypersensitivity and intestinal barrier impairment. Furthermore, certain agents, such as eluxadoline and rifaximin, are recommended for IBS-D in some guidelines, but their use may be limited

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by safety concerns or restricted indications. Antidepressants, including TCAs and SSRIs, may be used in selected patients, but are not IBS-specific therapies and their tolerability may affect treatment adherence. Probiotics are also used in clinical practice, however, their clinical efficacy is highly dependent on specific strains, and evidence supporting overall symptom improvement remains limited. As a result, existing treatments often fail to achieve satisfactory overall symptom control and are not suitable for long-term use, resulting in low patient satisfaction.

As of the Latest Practicable Date, there are seven active clinical-stage drug candidates for IBS in China, of which two have advanced to Phase III, both for IBS-D. Among them, SK08 is one of the two Phase III candidates and the only biologic therapy at this stage. For further details, see “Industry Overview — Irritable Bowel Syndrome Drug Market.”

SK08 for Pediatric Rotavirus Diarrhea: Market, Treatment and Competitive Landscape

Pediatric rotavirus diarrhea is one of the most common infectious diarrheal diseases in infants and young children and may lead to dehydration, hospitalization and, in severe cases, death. As the disease primarily affects pediatric patients and presents clear clinical needs in symptom management and disease course control, patients’ families may demonstrate a relatively strong willingness to pay for safe, effective and convenient treatment options, supporting a meaningful potential market opportunity. According to Frost & Sullivan, in China, the incidence of pediatric rotavirus diarrhea patients was 19.0 million in 2025 and is expected to reach 19.4 million by 2030, representing a CAGR of 0.4% from 2025 to 2030. Frost & Sullivan estimates that the China pediatric rotavirus diarrhea treatment market was RMB2.0 billion in 2025 and is expected to reach RMB2.4 billion by 2030.

According to Frost & Sullivan, current treatment paradigms remain mainly supportive and do not directly address underlying microbiome dysfunction. Furthermore, while probiotics are commonly used in clinical practice, there remains limited robust clinical evidence supporting their efficacy in the treatment of pediatric rotavirus diarrhea. This creates market opportunities for innovative therapies with differentiated mechanisms of action, including LBPs that aim to restore microbial homeostasis, enhance barrier integrity, and modulate immune responses. As of the Latest Practicable Date, there are (i) seven products approved for pediatric rotavirus diarrhea globally, all of which are prophylactic vaccines designed to prevent infection rather than therapeutic products; and (ii) eleven clinical-stage drug candidates for pediatric rotavirus diarrhea globally, of which nine are prophylactic vaccines, and SK08 is the only LBP therapeutic candidate currently under development. For further details, see “Industry Overview — Pediatric Rotavirus Diarrhea Drug Market.”

SK08 for UC: Market, Treatment and Competitive Landscape

UC is a chronic inflammatory bowel disease affecting the colonic and rectal mucosa and is commonly associated with diarrhea, rectal bleeding and abdominal pain, with severe cases potentially resulting in hospitalization, surgery and long-term complications. In addition, according to the guideline published by the European Crohn’s and Colitis Organization, patients with UC also have an increased long-term risk of developing colorectal cancer compared to the general population. In light of the substantial existing disease burden of UC in Western countries, and the rapidly increasing prevalence of UC globally, including in China, we are advancing clinical development of SK08 for UC in both China and the U.S. According to Frost & Sullivan, the number of UC patients was 5.3 million globally and 0.6 million in China in 2025 and is expected to increase to 6.2 million globally and 0.9 million in China by 2030, representing CAGRs of 3.3% and 7.3%, respectively. The global UC treatment market was USD9.7 billion in 2025 and is expected to reach USD13.2 billion by 2030.

In China and the U.S., UC treatment remains largely severity-based and step-up in nature, while existing therapies are subject to limitations such as inadequate response, relapse, steroid dependence and long-term safety concerns, creating unmet needs for differentiated therapies such as SK08. As of the Latest Practicable Date, there are seven clinical-stage LBP candidates for UC globally, of which SK08 is the only candidate led by a Chinese company and under development in China. For further details, see “Industry Overview — Ulcerative Colitis Drug Market.”

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SK08 for Advanced Solid Tumor (with anti-PD-1/L1 Monoclonal Antibodies): Market, Treatment and Competitive Landscape

According to Frost & Sullivan, the incidence of solid tumors in China increased from 4,429.0 thousand cases in 2020 to 4,916.0 thousand cases in 2025, representing a CAGR of 2.2%, and is expected to further increase to 5,487.0 thousand cases in 2030, representing a CAGR of 2.1% from 2025 to 2030. The growing patient population supports the continued demand for anti-tumor therapies in China. Frost & Sullivan further estimates that the China anti-tumor drug market increased from RMB197.5 billion in 2020 to RMB279.1 billion in 2025, representing a CAGR of 7.2%, and is expected to further increase to RMB504.0 billion in 2030, representing a CAGR of 12.5% from 2025 to 2030.

Although anti-PD-1/L1 monoclonal antibodies have become an important treatment option for various advanced solid tumors, a meaningful proportion of patients do not achieve durable clinical benefit, in part due to insufficient anti-tumor immune response rates, inter- and intra-patient variability, as well as resistance to anti-PD-1/L1 monoclonal antibodies. Combination therapies have therefore become an important strategy to enhance response rates and mitigate resistance associated with PD-1/PD-L1 inhibitors. In addition, from the perspective of microbiome-based or LBP-related therapies in oncology, the field remains at an early stage of development, with no approved products and only two clinical-stage candidates in China, which may provide market opportunities for differentiated product candidates such as SK08 in combination with PD-1/L1 inhibitors. For further details, see “Industry Overview — Advanced Solid Tumors (in Combination with anti-PD-1/L1 Monoclonal Antibodies) Drug Market.”

Key Advantages

Novel Bacteroides fragilis Strain — Exclusive Cultivation and Core Technological Barriers

SK08 is an innovative LBP developed from a novel strain of *Bacteroides fragilis*. According to Frost & Sullivan, the biological functions and potential therapeutic value of *Bacteroides fragilis* across multiple diseases have been widely recognized in the academic community, and based on its unique mechanism, it is considered to address multiple pathophysiological features of intestinal diseases, including intestinal barrier repair, restoration of immune tolerance, and reduction of visceral hypersensitivity, offering a multimodal therapeutic approach distinct from traditional single-target drugs. However, the pharmaceutical development of *Bacteroides fragilis* is associated with significant challenges, including stringent anaerobic cultivation requirements, manufacturing and quality control difficulties, limited survival and functional stability following oral administration, genetic variability affecting consistency, and potential safety risks as an opportunistic pathogen.

Against this backdrop, we have not only successfully identified a pharmaceutically developable strain but also become the first and only company globally to advance a *Bacteroides fragilis*-based LBP into clinical trials, as of the Latest Practicable Date. In addition, as the second-generation LBP project supported under the National High-tech R&D Program of China (863 Program), SK08 reflects the national-level recognition of our ability to address key technical and safety evaluation challenges in exploring the development path for second-generation LBP candidates in China. Leveraging our research and development capabilities and CMC platform, we have established proprietary processes covering strain screening, anaerobic cultivation, large-scale fermentation, activity maintenance, formulation stability and quality control. These capabilities support the viable delivery, functional stability and product consistency of SK08. In addition, we have implemented safety evaluation and risk control measures throughout the development process to support its clinical development. As early as 2016, we completed a systematic safety evaluation of SK08 when directly comparable industry precedents were limited and generally accepted standards for the safety evaluation of second-generation LBPs were still evolving. Our related work was subsequently recognized as a representative study in *Frontiers* and have provided a reference for subsequent safety evaluation practices in the industry. Together, our rare bacterial strains, proprietary production processes and accumulated technical know-how have formed a robust technological moat and strengthened our position in the LBP therapeutics field.

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Offering a More Comprehensive Clinical Efficacy for the Treatment of IBS-D

SK08’s mechanism of action provides a differentiated biological rationale for treating IBS-D by targeting more upstream pathways and offering a more comprehensive and long-term benefit than conventional symptomatic therapies, and this rationale has been further reflected in its clinical performance.

For IBS, recurrent abdominal pain is a core symptom that affects patients’ quality of life. Commonly used antispasmodics in clinical practice mainly provide symptomatic relief by reducing intestinal smooth muscle spasms, but do not directly address broader disease-related mechanisms of IBS. Certain antispasmodics may also be associated with anticholinergic effects, which may limit their suitability for long-term use in some patients. In contrast, SK08 not only targets more upstream pathways relevant to abdominal pain relief but also provides broader therapeutic effects, including long-term benefits, than antispasmodics by improving intestinal barrier function and regulating intestinal immune homeostasis. In addition, IBS-D, as a major subtype of IBS, is also characterized by diarrhea as another key clinical feature. Commonly used antidiarrheal agents, such as loperamide, primarily achieve antidiarrheal effects by slowing intestinal motility. As a result, they do not directly relieve abdominal pain and may, in some patients, worsen abdominal pain or constipation. Rifaximin, another commonly used antidiarrheal therapy, is a non-absorbed antibiotic that mainly inhibits the growth of relevant intestinal bacteria by suppressing bacterial RNA synthesis, and its effect on abdominal pain relief is also relatively limited.

SK08 not only demonstrated differentiated clinical benefits compared with the above symptomatic therapies, which generally target a single primary symptom, but also showed numerically superior efficacy outcomes in cross-trial comparisons with therapies intended to improve both abdominal pain and diarrhea. Eluxadoline is an FDA-approved drug used for IBS-D, designed to address both diarrhea and abdominal pain, but it has not been approved for marketing in China as of the Latest Practicable Date. Although no head-to-head clinical trial has been conducted between SK08 and eluxadoline, a cross-trial comparison of placebo-controlled clinical data from patient subgroups with similar baseline characteristics showed that the SK08 high-dose group achieved numerically more favorable primary efficacy endpoint results than those reported for eluxadoline. For further details, see “— Our Competitive Strengths” above in this section.

Favorable Safety and Sustained Efficacy Profile Supporting Long-term Disease Management

As IBS and UC are chronic and recurrent conditions that may require long-term disease management, and pediatric rotavirus diarrhea involves treatment in children, the safety and tolerability profile of therapies is particularly important.

Particularly, current treatment options for IBS are generally designed for relatively short treatment durations, such as two weeks or eight weeks, and there remains an unmet need for therapies suitable for long-term disease management. SK08 has demonstrated favorable safety and tolerability in clinical trials, with no apparent difference in the overall incidence of adverse events between the SK08 groups and the placebo group in the Phase II clinical trial (53.4% and 54.1% in the SK08 high-dose and low-dose groups, respectively, vs. 61.0% in the placebo group). No drug-related serious adverse events were reported, and no treatment-emergent adverse events led to treatment discontinuation, early withdrawal or death. SK08 also demonstrated a favorable sustained efficacy profile. Following the initial efficacy observed during Weeks 1 to 4 of treatment, the SK08 high-dose group showed more pronounced symptom improvement than the placebo group from Week 5 onwards, indicating a stable and sustained therapeutic effect over the treatment. This profile also supports SK08’s potential advantages in the long-term management of IBS-D as a chronic condition. In light of its safety, tolerability and sustained efficacy profile, the Phase III clinical trial of SK08 adopts a 52-week treatment regimen, which, if successfully developed and approved, may support SK08’s potential to provide a long-term treatment option for IBS. In addition, SK08 is derived from a non-toxic strain of *Bacteroides fragilis*, which is part of the human gut microbiota under normal physiological conditions; therefore, it may support its development for long-term administration. For further details, see “— Summary of Clinical Trials” below.

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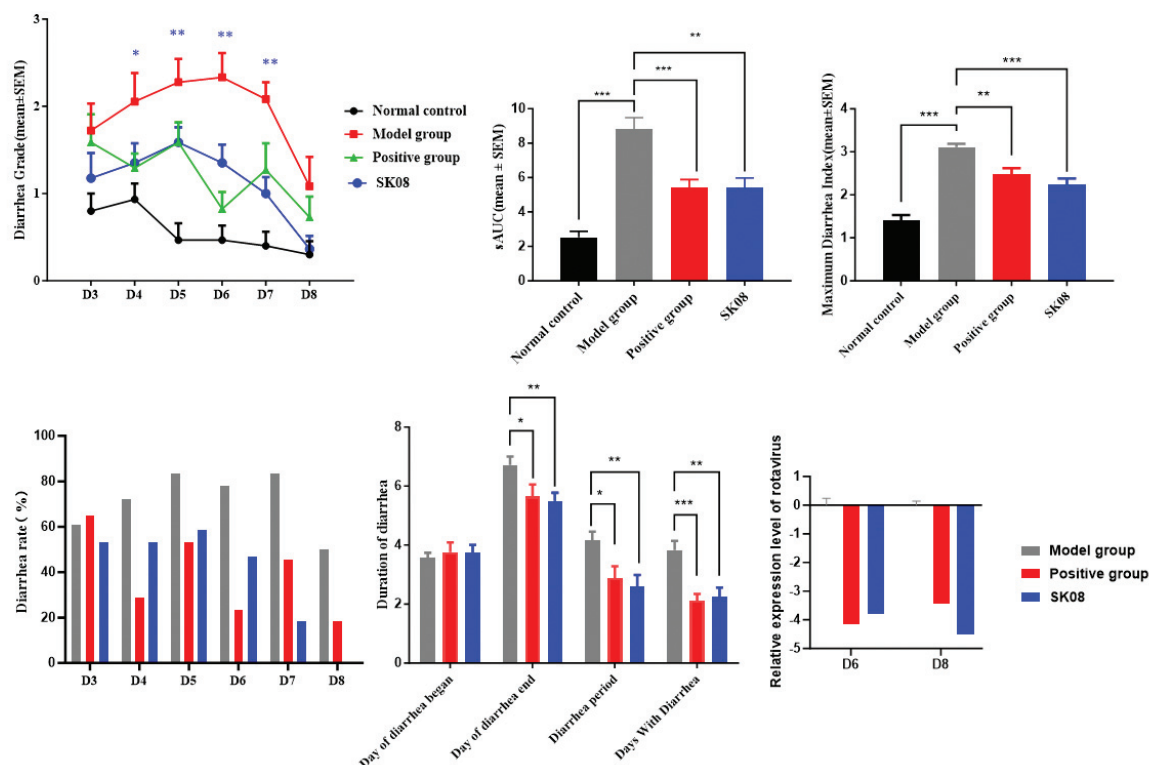
More Pronounced Clinical Benefits in Severe IBS-D Patients

SK08 high dose showed greater clinical benefits in patient subgroups with higher disease severity. Among patients, with weekly diarrhea days of ≥ 4 , the eight-week composite weekly response rate in SK08 high-dose group achieved a response rate of 52.2%, compared with 35.6% in the placebo group. Among patients with IBS-SSS score >300 , the eight-week composite weekly response rates were 57.1% and 30.0% in the SK08 high-dose group and placebo group, respectively. These results highlight SK08’s potential clinical value in addressing the treatment needs of patients with severe IBS-D.

Potential for the Treatment of Multiple Diseases

In addition to IBS, our preclinical studies have shown that SK08 also has potential therapeutic value in multiple diseases, including pediatric rotavirus diarrhea, UC and tumors.

In a rotavirus-induced diarrhea model in suckling Lewis rats, which was used to assess pediatric virus-related diarrhea, SK08 improved multiple diarrhea-related parameters, including diarrhea scores, area under the diarrhea score curve, maximum diarrhea index, diarrhea rate, diarrhea duration and days with diarrhea, with a dose-dependent trend. In particular, the SK08 high-dose group reduced rotavirus positivity rates to 16.67% and 9.09% on Day 6 and Day 8, respectively, and reduced the relative viral expression level by approximately 10,000 to 100,000 times, indicating reduced viral burden in the model. SK08 also dose-dependently reduced the cytopathic effect induced by rotavirus in MA104 cells and increased cell viability, further supporting its antiviral-related activity *in vitro*.



Note: Normal control group refers to healthy animals that were not subjected to disease modeling or drug treatment. Model group refers to animals subjected to disease modeling without therapeutic intervention. Positive group refers to model animals treated with a positive control drug. SK08 group refers to model animals treated with SK08.

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In UC animal models, including DNBS-induced Wistar rat colitis and DSS-induced C57BL/6 mouse colitis models, which are commonly used to evaluate intestinal inflammation and colitis-like pathological changes, SK08 showed pharmacodynamic effects on intestinal inflammation and tissue injury. These effects were reflected by improvements in colorectal injury scores (intestinal adhesion, intestinal wall thickening, etc.), ulcer area and histopathological scores, which are indicators used to assess the severity of intestinal inflammation and tissue damage.

In tumor models, SK08 in combination with anti-PD-1/L1 monoclonal antibodies showed enhanced antitumor activity in CT26 colorectal cancer, H22 liver cancer and B16F10 melanoma mouse models, as compared with anti-PD-1/L1 monoclonal antibodies monotherapy, suggesting its potential role in improving antitumor immune responses when used in combination with immune checkpoint inhibition.

Summary of Clinical Trials

As of the Latest Practicable Date, in China, we (i) have completed a Phase I clinical trial in healthy subjects and a Phase II clinical trial in patients with IBS-D; (ii) are conducting a Phase III clinical trial in patients with IBS-D; and (iii) plan to initiate (a) the Phase II clinical trial for pediatric rotavirus diarrhea in the third quarter of 2027, (b) the Phase II clinical trial for advanced solid tumor in combination with anti-PD-1/L1 monoclonal antibodies in the fourth quarter of 2028, and (c) the Phase II clinical trial for UC in the fourth quarter of 2027. In addition, we have also obtained the regulatory approval to initiate a Phase II clinical trial for UC in the U.S.

The table below sets forth an overview of all the completed and ongoing clinical trials for SK08:

Trial Number	Phase	Subjects	Country	Trial Design	Status	Initiation Date	Actual/Expected Completion Date
SK08-301	III	IBS-D Patients	China	Multicenter, Randomized, Double-Blind, Placebo-Controlled	Ongoing	March 2024	Primary efficacy endpoint assessment expected by the fourth quarter of 2027; full trial completion expected in 2028
ZHIYI202101 . . .	II	IBS-D Patients	China	Multicenter, Randomized, Double-Blind, Placebo-Controlled, Parallel-Group	Completed	August 2021	September 2022
2019-I-SK08-01 . .	I	Healthy Subjects	China	Single-center, Randomized, Double-Blind, Placebo-Controlled	Completed	May 2020	November 2020

Ongoing Phase III Clinical Trial of SK08 for IBS-D in China

This study is a multicenter, randomized, double-blind, placebo-controlled Phase III clinical trial to evaluate the efficacy and safety of SK08 in the treatment of IBS-D. To preserve the integrity of the blind, the trial protocol did not pre-specify any interim analysis. The first patient was enrolled (“FPI”) on March 16, 2024. As of the Latest Practicable Date, a total of 690 participants have been enrolled. We expect to complete patient enrollment by the third quarter of 2027 and primary efficacy endpoint assessment by the fourth quarter of 2027.

- **Enrollment and Dosing Regimen:** The study is planned to enroll 1298 participants aged 18 to 70 years old, who will be randomized in a 1:1 ratio to receive SK08 or placebo orally twice daily for 52 weeks.

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- **Key Eligibility Criteria:** Eligible subjects were adults aged 18 to 70 years who met the Rome IV criteria for IBS-D. During the two-week run-in period, they had Bristol Stool Form Scale Type 6 or Type 7 stools on at least four days per week, an average daily worst abdominal pain NRS score of at least 3.0 on the relevant days, and a normal colonoscopy report within the past 12 months.
- **Primary Efficacy Endpoint:** The composite weekly response rate during Weeks 1 to 12.
- **Safety Evaluation:** Safety will be evaluated through monitoring of adverse events (“AEs”) and serious adverse events (“SAEs”), physical examinations, vital signs, 12-lead ECGs, laboratory assessments.

Completed Phase II Clinical Trial of SK08 for IBS-D in China

Trial Status

This completed study is a randomized, double-blind, placebo-controlled, multicenter, Phase II clinical trial to evaluate the efficacy and safety of SK08 in the treatment of IBS-D. The FPI date was August 7, 2021; the last subject last visit (“LSLV”) date was September 22, 2022; and the clinical study report (“CSR”) was completed on March 10, 2023.

Trial Design

- **Enrollment and Dosing Regimen:** A total of 180 subjects were randomized in a 1:1:1 ratio to receive high-dose SK08, low-dose SK08 or placebo. Following a two-week run-in period, subjects received treatment twice daily for eight weeks.
- **Key Eligibility Criteria:** Eligible subjects were adults aged 18 to 70 years who met the Rome IV criteria for IBS-D. During the two-week run-in period, they had Bristol Stool Form Scale Type 6 or Type 7 stools on at least two days per week, an average daily worst abdominal pain NRS score of at least 3.0 on the relevant days, and a normal colonoscopy report within the past 12 months.
- **Primary and Secondary Endpoints:** The primary endpoint was the eight-week composite weekly response rate. Secondary endpoints included abdominal pain weekly response rate and stool consistency weekly response rate.

Efficacy Results

Efficacy was analyzed based on the full analysis set (“FAS”, n=178) and the per protocol set (“PPS”, n=162), with the FAS serving as the primary analysis set. Overall, the efficacy data showed a consistent numerical trend in favor of the high-dose group over the placebo group for the primary endpoint as well as the key secondary endpoints, with such a numerical trend becoming more apparent during Weeks 5 to 8.

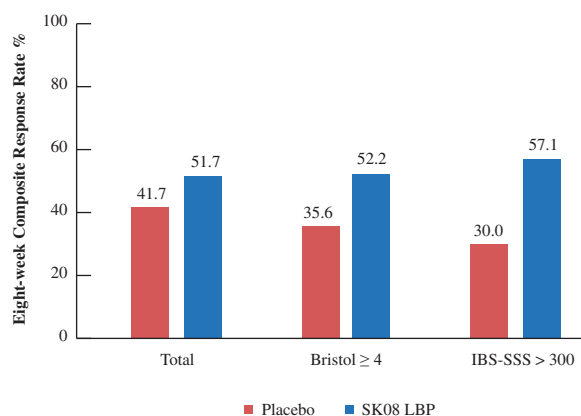
- **Primary Efficacy Endpoint: Eight-week Composite Weekly Response Rate**

In the FAS, the eight-week composite weekly response rate was 51.7% in the high-dose group, 30.0% in the low-dose group and 41.7% in the placebo group. In the PPS, the eight-week composite weekly response rate was 55.8% in the high-dose group, 30.4% in the low-dose group and 42.6% in the placebo group. In both the FAS and the PPS, the eight-week composite weekly response rate in the high-dose group was higher than that in the placebo group, with rate differences of 10.0% and 13.2%, respectively, while the SK08 low-dose group did not show superiority over the placebo group. Sensitivity analysis showed results generally consistent with the primary analysis.

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Among patients with more severe disease, including those with Bristol ≥ 4 or IBS-SSS score >300 , the eight-week composite weekly response rate in the high-dose group was substantially higher than that in the placebo group, while the low-dose group was comparable to the placebo group. For patients with Bristol ≥ 4 , the rates were 52.2%, 29.3% and 35.6% in the high-dose, low-dose and placebo groups, respectively; for patients with an IBS-SSS score > 300 , the rates were 57.1%, 31.3% and 30.0% in the high-dose, low-dose and placebo groups, respectively.

Primary Endpoint Results of High-Dose SK08 in the Overall Population and Severe Patient Subgroups



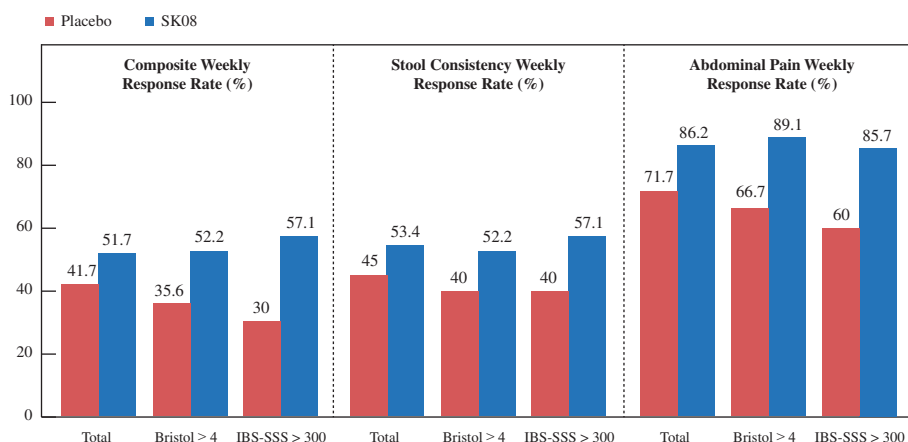
- Secondary Efficacy Endpoints**

Abdominal Pain Weekly Response Rate: In the FAS, the high-dose group was numerically higher than both the low-dose group and the placebo group at each evaluated treatment period, with the low-dose group becoming superior to the placebo group starting from Week 4. During the entire treatment period of Weeks 1 to 8, the abdominal pain weekly response rate was 86.2%, 78.3% and 71.7% in the high-dose, low-dose and placebo groups, respectively. Particularly, the difference between the high-dose SK08 group and the placebo group reached 14.5 percentage points over Weeks 1 to 8. Among patients with Bristol ≥ 4 , the difference further widened to 22.4 percentage points, which was statistically significant ($p=0.010$). During Weeks 1 to 4, the rates were 74.1%, 68.3% and 68.3% in the high-dose group, low-dose group and placebo group, respectively; during Weeks 5 to 8, the rates were 89.7%, 83.3% and 80.0%, respectively. As the treatment duration extended, the trend of superiority of the high-dose and low-dose groups over the placebo group became more apparent, and the slope of the dose-response curve increased.

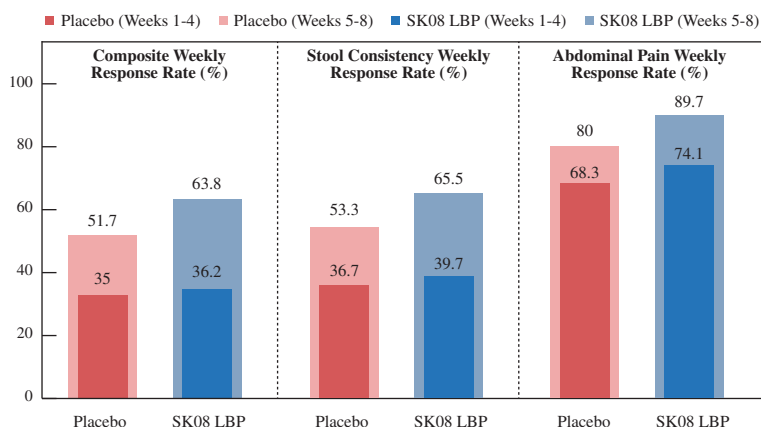
Stool Consistency Weekly Response Rate: In the FAS, the high-dose group was numerically higher than the placebo group at each evaluated treatment period, while the low-dose group did not show superiority over the placebo group. During the entire treatment period of Weeks 1 to 8, the stool consistency weekly response rate was 53.4%, 30.0% and 45.0% in the high-dose, low-dose and placebo groups, respectively. During Weeks 1 to 4, the rates were 39.7%, 21.7% and 36.7%, respectively; during Weeks 5 to 8, the rates were 65.5%, 46.7% and 53.3%, respectively.

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Results of High-Dose SK08 in the Overall Population and Severe Patient Subgroups During Weeks 1-8



Results of High-Dose SK08 During Weeks 1–4 and Weeks 5–8



Safety Results

Safety was evaluated based on the safety set (“SS”, n=178). During this study, a total of 31 subjects (53.4%) in the SK08 high-dose group experienced 58 treatment-emergent adverse events (“TEAEs”), of whom 12 subjects (20.7%) experienced 17 drug-related TEAEs. In the low-dose group, 33 subjects (54.1%) experienced 56 TEAEs, of whom 12 subjects (19.7%) experienced 14 drug-related TEAEs. In the placebo group, 36 subjects (61.0%) experienced 51 TEAEs, of whom 11 subjects (18.6%) experienced 16 drug-related TEAEs. No apparent difference in overall adverse event incidence was observed among the three groups.

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No TEAE leading to discontinuation, death or early withdrawal from the study was reported. No CTCAE Grade 3 or above drug-related TEAE was reported. A total of four SAEs were reported, including three cases of fascioliasis and one case of hemorrhoids, all of which were considered unrelated to the study drug by the investigators. The severity of all drug-related AEs was Grade 1 or Grade 2. Among drug-related TEAEs with an incidence of 5% or above, hyperuricemia was reported in three subjects (5.2%) in the high-dose group, none in the low-dose group, and three subjects (5.1%) in the placebo group, while hypertriglyceridemia was reported in three subjects (5.1%) in the placebo group.

Summary of AEs — Safety Analysis Set

	High-Dose Group (N=58)		Low-Dose Group (N=61)		Placebo Group (N=59)	
	n (%)	NE	n (%)	NE	n (%)	NE
Any TEAEs	31 (53.4)	58	33 (54.1)	56	36 (61.0)	51
Grade 1	26 (44.8)	42	25 (41.0)	40	34 (57.6)	47
Grade 2	8 (13.8)	12	10 (16.4)	15	4 (6.8)	4
Grade 3	4 (6.9)	4	1 (1.6)	1	0	0
Grade 4	0	0	0	0	0	0
Grade 5	0	0	0	0	0	0
TEAEs of Grade 3 or Higher Severity	4 (6.9)	4	1 (1.6)	1	0	0
TEAEs Leading to Drug Discontinuation	0	0	0	0	0	0
TEAEs Leading to Death	0	0	0	0	0	0
TEAEs Leading to Premature Withdrawal from Trial	0	0	0	0	0	0
TEAEs Related to Study Drug*	12 (20.7)	17	12 (19.7)	14	11 (18.6)	16
Grade 1	12 (20.7)	16	11 (18.0)	13	11 (18.6)	14
Grade 2	1 (1.7)	1	1 (1.6)	1	2 (3.4)	2
Grade 3	0	0	0	0	0	0
Grade 4	0	0	0	0	0	0
Grade 5	0	0	0	0	0	0
Study Drug-Related TEAEs of Grade 3 or Higher Severity	0	0	0	0	0	0
Study Drug-Related TEAEs Leading to Drug Discontinuation	0	0	0	0	0	0
Study Drug-Related TEAEs Leading to Death	0	0	0	0	0	0
Study Drug-Related TEAEs Leading to Premature Withdrawal from Trial	0	0	0	0	0	0
Serious Adverse Events (SAEs)	3 (5.2)	3	1 (1.6)	1	0	0
Study Drug-Related SAEs	0	0	0	0	0	0

* Study Drug-related TEAE is defined as a TEAE “definitely related to” or “possibly related to” the study drug. TEAE with “unclassifiable” or missing causality was considered related to the study drug.

Overall, the Phase II clinical trial results support the further clinical development of SK08 in IBS-D. In terms of efficacy, the high-dose group showed higher response rates than the placebo group for the primary endpoint of eight-week composite weekly response rate and the key secondary endpoints of abdominal pain weekly response rate and stool consistency weekly response rate. In terms of safety, SK08 was generally safe and well tolerated in this study, with no apparent difference in the AEs incidence among the high-dose group, the low-dose group and the placebo group, and all drug-related AEs being Grade 1 or Grade 2 in severity.

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Completed Phase I Clinical Trial of SK08 in China

This completed study was a single-center, randomized, double-blind, placebo-controlled Phase I clinical trial of SK08 in healthy subjects in China, consisting of a single-ascending-dose (“**SAD**”) portion and a multiple-ascending-dose (“**MAD**”) portion, to evaluate its initial safety and tolerability. The first subject was enrolled on May 18, 2020, and the CSR was completed on December 30, 2020.

- **SAD Portion**

Trial Design: This trial evaluated the safety and tolerability of single ascending oral doses of SK08. Five dose levels were evaluated, namely $1/10 \times (1-25 \times 10^8)$ CFU, $1 \times (1-25 \times 10^8)$ CFU, $5 \times (1-25 \times 10^8)$ CFU, $10 \times (1-25 \times 10^8)$ CFU and $30 \times (1-25 \times 10^8)$ CFU, with subjects randomized in a 3:1 ratio to receive SK08 or placebo.

Key Eligibility Criteria: Eligible subjects were healthy Chinese male or female volunteers aged 18 to 45 years old with body weight and BMI within the protocol-specified ranges. Key exclusion criteria included clinically significant abnormalities, recent gastrointestinal abnormalities, recent use of drugs or probiotic products, significant hypersensitivity history, recent participation in other clinical trials, and pregnancy or lactation.

Results: A total of 20 subjects were enrolled. A total of 17 AEs were reported in 10 subjects, including nine adverse drug reactions in seven subjects. No SAEs occurred, and no subject discontinued due to AEs. No statistically significant difference in AEs incidence was observed between the treatment and placebo groups. No clinically significant abnormalities were observed in vital signs, physical examinations or 12-lead ECGs.

- **MAD Portion**

Trial Design: This was to evaluate the safety and tolerability of multiple ascending oral doses of SK08. Two dose levels were evaluated, namely $1 \times (1-25 \times 10^8)$ CFU and $15 \times (1-25 \times 10^8)$ CFU. Subjects were randomized in a 6:2 ratio to receive SK08 or placebo and dosed twice daily for 14 consecutive days.

Key Eligibility Criteria: Eligible subjects were healthy Chinese male or female volunteers aged 18 to 45 years old with body weight and BMI within the protocol-specified ranges. Key exclusion criteria included clinically significant abnormalities, recent gastrointestinal abnormalities, recent use of drugs or probiotic products, significant hypersensitivity history, recent participation in other clinical trials, and pregnancy or lactation.

Results: A total of 16 subjects were enrolled. A total of 22 AEs were reported in 12 subjects, including 13 adverse drug reactions in 10 subjects. No SAEs occurred, and no subject discontinued due to AEs. No statistically significant difference in AEs incidence was observed between the treatment and placebo groups. No clinically significant abnormalities were observed in vital signs, physical examinations or 12-lead ECGs.

Material Communications with Competent Authorities

We obtained IND approvals from the NMPA for SK08 to treat (i) IBS and UC in November 2019; (ii) advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies in March 2022; and (iii) pediatric rotavirus diarrhea in September 2024. We also obtained IND approval from the FDA for SK08 to treat UC in January 2025.

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For IBS and UC Indications

- In November 2019, we obtained the IND approval from the NMPA for the clinical development of SK08 in IBS and UC, covering the proposed Phase I, Phase II and Phase III clinical development plan. According to such IND approval, we are not required to submit a separate clinical trial application or conduct prior regulatory communication with the CDE solely for the initiation of the Phase II clinical trial. We are, however, required to communicate with the CDE after completion of Phase I and Phase II clinical trials and before initiation of Phase III clinical trials.
- In July 2023, in accordance with the regulatory requirements regarding the IND approval, we held an End-of-Phase II/Pre-Phase III meeting with the CDE to discuss the Phase III clinical development plan. During the meeting, the CDE confirmed the overall design of our pivotal Phase III clinical trial. We also reached a consensus with the CDE that the NDA submission would be based on the data from a statistical analysis conducted after all subjects had completed 12 weeks of treatment and at least 100 subjects had completed 52 weeks of treatment.
- In August 2023, we received formal confirmation from the CDE that it had no objection to our initiation of the Phase III clinical trial for the IBS-D treatment.
- In January 2025, based on FDA’s review of the accumulated data generated from our completed clinical trials and non-clinical evaluation of SK08, the FDA allowed SK08 to proceed directly to a Phase II clinical trial for the treatment of UC in the U.S., without requiring an additional Phase I clinical trial for this indication.

For Pediatric Rotavirus Diarrhea Indication

- In September 2024, we obtained the IND approval from the NMPA for a Phase II clinical trial of SK08 in pediatric rotavirus diarrhea based on the accumulated data generated from our completed clinical trials and non-clinical evaluation of SK08, without requiring an additional Phase I clinical trial for this indication.

For Advanced Solid Tumor (with anti-PD-1/L1 Monoclonal Antibodies) Indication

- In March 2022, we obtained the IND approval from the NMPA for a Phase Ib/II clinical trial of SK08 in advanced solid tumors in combination with anti-PD-1/L1 monoclonal antibodies based on the accumulated data generated from our completed clinical trials and non-clinical evaluation of SK08.
- We did not initiate the clinical trial for this indication after obtaining the relevant approval, due to our overall pipeline prioritization and development sequencing, as well as significant changes in the competitive landscape of marketed PD-1 inhibitors in recent years, and such IND approval lapsed in March 2025. We plan to resubmit an IND application for a Phase II clinical trial of SK08 for this indication. Such direct progression to Phase II is expected to be considered by the NMPA with reference to its previous IND approval in relation to this indication and SK08’s accumulated clinical data in other indications, particularly safety and tolerability data, which are directly relevant to the primary objectives of Phase I clinical trials. Such clinical data are expected to be further supplemented by additional data from SK08’s ongoing and planned clinical trials before the resubmission. Subject to regulatory clearance, we plan to initiate the relevant clinical trial in the fourth quarter of 2028.

As of the Latest Practicable Date, we have not received any material objections to our clinical development plans for SK08 from the NMPA or FDA.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SK08 SUCCESSFULLY.

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SK10, Our Key Product

Overview

Our key product, SK10, is an in-house-developed, orally administered, inactivated LBP based on a novel strain of *Bacteroides fragilis* for both prevention and treatment of CID. As of the Latest Practicable Date, our patent portfolio relating to this product candidate comprised nine material patents granted in the PRC, 14 material patent applications in the PRC, two material patent applications in the U.S., and three material patent applications in other jurisdictions, covering, among others, its composition, formulation, method of use and manufacturing process. According to Frost & Sullivan, SK10 is the first LBP candidate based on *Bacteroides fragilis* approved by the FDA for clinical development and the first LBP candidate globally filed for CID. In addition, as of the Latest Practicable Date, SK10 is the only clinical-stage LBP candidate globally being developed for the prevention of CID.

As of the Latest Practicable Date, we (i) have completed a Phase I clinical trial of SK10 in the U.S. in which 50% of the enrolled subjects were of Chinese descent; (ii) have received the Acceptance Notice from the CDE regarding our IND application for a Phase II clinical trial of SK10 in China in June and plan to commence this trial in the fourth quarter of 2026, if approved; and (iii) expect to commence a Phase II clinical trial in the U.S. in the first quarter of 2028.

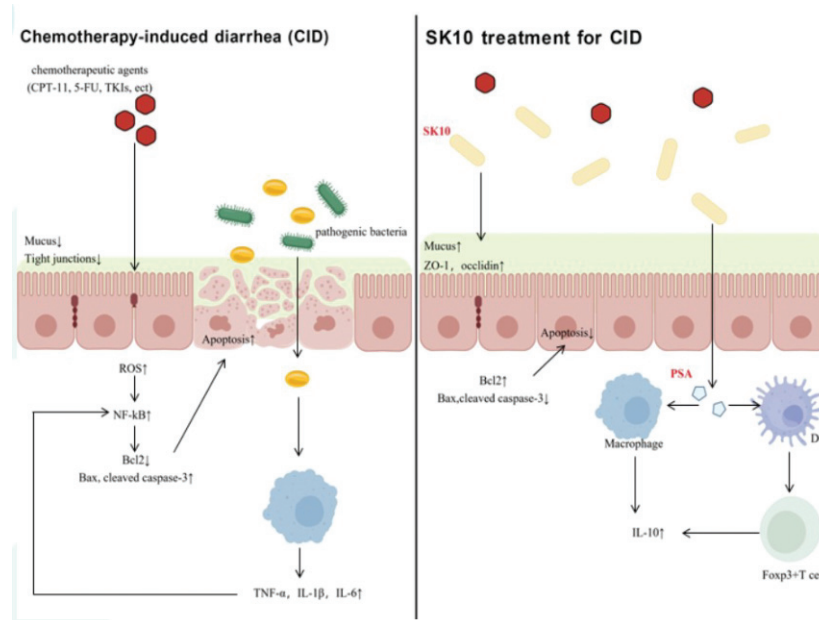
Drug Design and Mechanism of Action

CID is a common gastrointestinal adverse reaction to chemotherapy and is generally associated with chemotherapy-induced intestinal mechanical barrier and immune barrier impairment. SK10 is an inactivated bacterial product. Given that oncology patients undergoing chemotherapy often have substantially weakened immune function, the inactivated product form is considered more suitable for this indication. Based on published literature (Yan X., et al. *BMC Medicine*, 2025) and our research, SK10 is supposed to act mainly by (i) repairing chemotherapy drug-induced intestinal mechanical barrier damage by inhibiting intestinal epithelial cell apoptosis and increasing tight junction protein and mucin expression; and (ii) regulating local mucosal immune responses, thereby helping reduce intestinal mucosal injury associated with chemotherapy.

- **Repairing Mechanical Barrier Damage:** Chemotherapy causes the mucus layer to thin and damages the connections between intestinal epithelial cells, making the intestinal barrier more fragile. SK10 is supposed to help restore mechanical barrier integrity by (i) promoting mucin secretion; (ii) increasing the expression of key tight junction proteins (e.g., ZO-1 and occludin); and (iii) reducing intestinal epithelial cell apoptosis by regulating apoptosis-related protein expression (e.g., BCL2, BAX and cleaved caspase 3).
- **Enhancing Immune Barrier:** Chemotherapy often triggers a significant increase in pro-inflammatory cytokines, which impairs the immune barrier. SK10 effectively suppresses such pro-inflammatory cytokines (e.g., TNF- α , IL-1 β , IL-6, and IL-8). In addition, similar to SK08, SK10 also contains PSA, which has been reported in various studies to induce macrophages and Foxp3+ T cells to secrete IL-10, an anti-inflammatory cytokine that helps maintain mucosal immune balance.

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The following diagram illustrates the mechanism of action of SK10 in CID:



Source: the Company

Market Opportunity and Competition

Overview of the CID Market

As a common gastrointestinal adverse event in patients receiving chemotherapy, CID may impair patients' quality of life and treatment adherence, and in severe cases may lead to dose reduction, treatment delay or treatment discontinuation, thereby affecting overall treatment outcomes. According to Frost & Sullivan, in 2025, the incidence of patients with CID was 20.3 million globally, as compared to 5.6 million in China. Frost & Sullivan further estimates that the global CID drug market increased from USD2.1 billion in 2020 to USD2.5 billion in 2025, and is expected to reach USD3.0 billion in 2030. The China CID drug market increased from USD0.4 billion in 2020 to USD0.5 billion in 2025, and is expected to reach USD0.6 billion in 2030. For further details, see “Industry Overview — Chemotherapy-Induced Diarrhea Drug Market.”

Current Treatment Limitations

Current therapeutic options for CID remain limited and primarily focus on symptomatic management and supportive care. In addition, as of the Latest Practicable Date, there are currently no approved therapies available to effectively prevent the onset of CID or specifically for the treatment of CID. Existing therapies also have a number of limitations. For example, loperamide, a commonly used antidiarrheal agent, should generally not be used for more than 48 hours and carries a boxed warning for serious cardiac adverse effects. Octreotide is generally used in patients with refractory diarrhea after inadequate response to loperamide or in patients with Grade 3 to 4 diarrhea. As a result, current therapies generally focus on symptom control in selected settings and may be limited by restricted applicability, limited supporting evidence or safety considerations, highlighting the significant unmet medical need in CID management. For further details, see “Industry Overview — Chemotherapy-Induced Diarrhea Drug Market.”

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Competitive Landscape for the Treatment of CID

The competitive landscape of the treatment of CID is currently characterized by a limited number of treatment options, most of which are supportive or symptom-based therapies. As of the Latest Practicable Date, there are no approved products specifically for the treatment or prevention of CID, and only two clinical-stage LBP candidates globally targeting CID, including SK10 and KAL-002. Among them, SK10 had a substantially earlier public disclosure record and had completed a Phase I clinical trial in the U.S. as of the Latest Practicable Date. For further details, see “Industry Overview — Chemotherapy-Induced Diarrhea Drug Market.”

Key Advantages

Differentiated and Pioneering Positioning in the LBP Landscape

SK10 has established a differentiated position in the LBP landscape through its strain basis, indication focus and product form. According to Frost & Sullivan, SK10 is the world’s first *Bacteroides fragilis*-based LBP to receive FDA IND clearance and enter clinical development. It is also the first LBP candidate globally to be declared for CID, representing an early-mover position in this indication. In addition, according to Frost & Sullivan, we are the first company in China to advance an inactivated second-generation LBP product into the clinical stage. This reflects our capability to develop and clinically advance differentiated LBP product forms beyond conventional live bacterial approaches. These factors support SK10’s differentiated competitive positioning within the emerging LBP field.

Favorable Safety Profile — Specifically Important for Patients Undergoing Chemotherapy

As an inactivated bacterial product, SK10 may minimize the potential infection risks associated with the administration of live bacteria, particularly in vulnerable patient populations such as patients undergoing chemotherapy. In our Phase I trial conducted in the U.S., SK10 was generally safe and well-tolerated. No deaths, SAEs, or TEAEs leading to study discontinuation were reported. No dose-dependent increase in the number of TEAEs was observed, nor was any significant change in severity levels as the dose escalated. For further details, see “— Summary of Clinical Trials” below.

Strong Logistical Efficiency and Cost-Effectiveness

SK10 can be stored and transported at room temperature, with relatively low reliance on cold-chain logistics or special storage conditions. This may help reduce warehousing, logistics and end-point distribution costs, while lowering the complexity of supply chain management during commercialization. Its favorable storage and transportation profile may also support broader distribution coverage, improve product accessibility across medical institutions and pharmacies, and facilitate future large-scale commercialization.

Mechanism-based Advantages in Addressing the Underlying Pathophysiology of CID

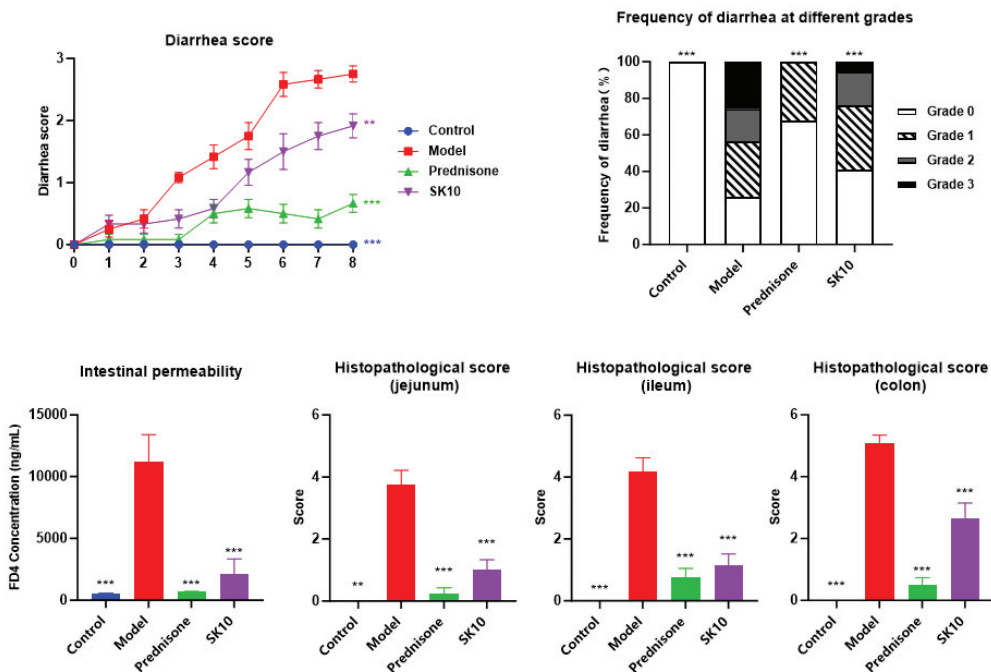
From a mechanistic perspective, SK10 is designed to address key pathophysiological changes underlying CID. As described in the section above on mechanism of action, SK10 is expected to exert its effects mainly by protecting intestinal barrier function, reducing intestinal permeability and modulating local mucosal immune responses, thereby alleviating intestinal tissue injury and diarrhea severity. These characteristics suggest that SK10 may offer a mechanism-based therapeutic approach for CID, with the potential to provide both symptom relief and protection against chemotherapy-related intestinal damage.

Demonstrated Preclinical Efficacy in Multiple CID Models

SK10 has demonstrated potent anti-diarrheal effects across multiple preclinical models related to CID. In CPT-11-induced BALB/c mouse CID models (as shown in the following figure), SK10 significantly reduced diarrhea severity and the frequency of severe diarrhea. In these models, SK10 was administered orally once daily starting from three days before CPT-11 induction and continued during and after CPT-11 treatment. This dosing regimen supports the evaluation of SK10’s potential to prevent or reduce the development and severity of CID, in addition to alleviating diarrhea symptoms after CID induction. It also reduced intestinal permeability, which means it helped limit abnormal leakage across the intestinal lining, and lowered pathological scores in the jejunum, ileum and colon, indicating reduced intestinal tissue injury. Certain studies also showed a dose-dependent effect, meaning that higher dose levels were associated with greater efficacy. In addition, in afatinib-induced rat diarrhea and 5-FU-induced mouse CID models, SK10 also reduced diarrhea severity, and in the 5-FU model, further reduced the increase in intestinal permeability. The ability of SK10 to simultaneously reduce inflammatory cytokines while enhancing mucosal barrier function represents a dual mechanism of action that addresses both the

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inflammatory and barrier-disruptive components of CID pathophysiology. Taken together, these results suggest that SK10 may have potential to prevent CID, relieve diarrhea symptoms and protect the intestine from treatment-related damage, supporting its further development for CID.



Notes: This figure compares the blank control group, the model group, the prednisone group and the SK10-treated groups with respect to diarrhea scores, grade 3 diarrhea incidence and intestinal injury-related parameters in CPT-11-induced BALB/c mouse CID models. The model group refers to animals with experimentally induced disease but without treatment. The prednisone serves as a positive control, as prednisone is a glucocorticoid commonly used to relieve disease symptoms and reduce inflammation. However, it has not been approved for CID. The SK10-treated groups refer to animals receiving SK10. The results showed that, compared with the model group, the SK10-treated groups showed improvement in diarrhea-related and intestinal injury-related parameters. “*” indicates statistically significant differences.

Summary of Clinical Trials

As of the Latest Practicable Date, we (i) have completed a Phase I clinical trial for SK10 for CID in the U.S.; (ii) received the Acceptance Notice from the CDE for a Phase II clinical trial in China on June 10, 2026, and plan to commence this trial in the fourth quarter of 2026; and (iii) expect to conduct a Phase II clinical trial in the U.S. in the first quarter of 2028. The table below sets forth an overview of the completed clinical trials of SK10 in the U.S and the clinical trial expected to be initiated in China in the near term:

Trial Number	Phase	Subjects	Country	Trial Design	Status	Actual/Expected Initiation Date	Actual/Expected Completion Date
SK10-101	I	Healthy Subjects	U.S.	Randomized, Double-blind, Placebo-controlled, Sequential Dose-escalation	Completed	August 2023	February 2024
SK10-201	II	High-risk CID Population	China	Randomized, Double-blind, Placebo-controlled, Dose-ranging	Received the Acceptance Notice on June 10, 2026	Expected in the fourth quarter of 2026, if approved	Expected in the fourth quarter of 2027, if approved

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Completed Phase I Clinical Trial in the U.S.

Trial Status

This completed study was a randomized, double-blind, placebo-controlled, sequential dose-escalation clinical trial to evaluate the safety and tolerability of SK10 in healthy adult subjects. The FPI date was August 7, 2023, the LSLV date was February 11, 2024 and the CSR was completed on June 25, 2024.

Trial Design

- **Enrollment and Dosing Regimen:** A total of 24 subjects were enrolled in three sequential cohorts and randomized within each cohort in a 3:1 ratio to receive SK10 or placebo. Each cohort comprised six subjects receiving SK10 and two subjects receiving a placebo. Subjects received a single dose on Day 1, followed by multiple doses at the same dose level twice daily from Day 4 to Day 17. The three dose cohorts were: Cohort 1, $(2-20) \times 10^8$ cells; Cohort 2, $5 \times (2-20) \times 10^9$ cells; and Cohort 3, $(2-20) \times 10^{11}$ cells. Sentinel dosing was applied in Cohort 1.
- **Key Eligibility Criteria:** Eligible subjects were healthy adults aged 18 to 55 years old with no clinically relevant abnormalities identified on screening, body weight and BMI within the protocol-specified ranges, and negative screening results for hepatitis B, hepatitis C and HIV. Female subjects were required to be non-pregnant and non-lactating, and subjects of childbearing potential were required to comply with contraception requirements. Key exclusion criteria included clinically significant systemic disease, recent gastrointestinal symptoms, hypersensitivity to SK10 or its excipients, recent use of medications or investigational products, recent intake of probiotic foods or health products, substance abuse, recent blood donation and recent vaccination.
- **Primary and Other Endpoints:** Primary endpoints included TEAEs and clinically significant changes from baseline in laboratory parameters and ECG parameters. Exploratory endpoints included changes in systemic cytokines, including TNF- α , IL-6, IL-1 β , IL-4, IL-10 and IL-11, and changes in fecal calprotectin.

Results

This clinical trial demonstrated that SK10 was generally safe and well-tolerated across all tested dose levels.

- **TEAEs and Other AEs:** No deaths, SAEs or TEAEs leading to study discontinuation were reported. All reported TEAEs were classified as mild, and no moderate or severe TEAEs occurred during the study. No dose-dependent increase in the number of TEAEs or significant change in severity was observed with increasing doses. Among the 18 subjects in the SK10 dose groups, eight subjects (44.4%) experienced a total of 25 TEAEs. No significant difference was observed between the SK10 dose groups and the placebo group. The most common events by preferred term (“PT”) were diarrhea (22.2%) and headache (11.1%).

Adverse Event Category	Cohort 1 (N = 6) n (%) E	Cohort 2 (N = 6) n (%) E	Cohort 3 (N = 6) n (%) E	Pooled Placebo (N = 6) n (%) E	Overall (N = 24) n (%) E
Any TEAE	2 (33.3) 4	2 (33.3) 3	4 (66.7) 18	4 (66.7) 7	12 (50.0) 32
TEAE Severity					
Mild	2 (33.3) 4	2 (33.3) 3	4 (66.7) 18	4 (66.7) 7	12 (50.0) 32
Moderate	0	0	0	0	0
Severe	0	0	0	0	0
TEAE Causality					
Related	1 (16.7) 3	2 (33.3) 3	4 (66.7) 14	2 (33.3) 4	9 (37.5) 24
Not Related	1 (16.7) 1	0	1 (16.7) 4	3 (50.0) 3	5 (20.8) 8
Other significant AEs . .	1 (16.7) 1	0	1 (16.7) 2	1 (16.7) 1	3 (12.5) 4

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Adverse Event Category	Cohort 1 (N = 6) n (%) E	Cohort 2 (N = 6) n (%) E	Cohort 3 (N = 6) n (%) E	Pooled Placebo (N = 6) n (%) E	Overall (N = 24) n (%) E
Withdrawal from study	0	0	0	0	0
Discontinuation of study treatment	0	0	0	0	0
Introduction of Interventions	1 (16.7) 1	0	1 (16.7) 2	1(16.7) 1	3 (12.5) 4
Dose Reduction	0	0	0	0	0
Any Serious TEAE	0	0	0	0	0

- **Other Safety and Exploratory Findings:** No subjects experienced clinically significant changes from baseline in laboratory values, vital signs, 12-lead ECG parameters, or physical examination findings. Exploratory evaluations of cytokines (including TNF- α , IL-6, and IL-10) and fecal calprotectin did not reveal any clinically relevant or dose-dependent changes.

Material Communications with Competent Authorities

In the U.S., for SK10, we received the IND approval from the FDA for CID indication in October 2022.

In China, based on the overseas Phase I data of SK10, we submitted an IND application to the NMPA for a Phase II clinical trial and then received the Acceptance Notice in June 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SK10 SUCCESSFULLY.

TP2

Overview

TP2 is an in-house-developed, preclinical-stage, high-molecular-weight polysaccharide drug candidate with a defined structure, which was extracted from our proprietary bacterial strain, and is being developed for the treatment of autoimmune diseases. To meet diverse clinical needs and improve administration convenience, we plan to develop three formulations for TP2, including an oral solution intended for gastrointestinal indications such as ulcerative colitis (“UC”), a cream intended for inflammatory skin conditions such as atopic dermatitis (“AD”), and a nasal drop formulation intended for upper airway indications such as allergic rhinitis (“AR”). As of the Latest Practicable Date, we have completed structural characterization, large-scale extraction and pilot pharmacodynamic studies, and we are preparing to submit the IND application to the NMPA and/or FDA in the fourth quarter of 2028.

Key Advantages and Market Opportunity

We believe TP2 has two core potential advantages, supported by preclinical pharmacokinetic and efficacy studies. Firstly, in our preclinical biodistribution studies, TP2 was primarily retained within the gastrointestinal tract following oral administration and was excreted via feces, with complete elimination observed within approximately 48 hours. These results suggest limited systemic exposure and a favorable local action profile, which is particularly relevant for chronic and recurrent autoimmune diseases that require long-term management, as reduced systemic exposure may help lower the risk of systemic adverse effects. Secondly, TP2 demonstrated potential therapeutic effects across multiple disease models in our preclinical studies, including UC, AD and AR. For further details, see “— Preclinical Studies” below.

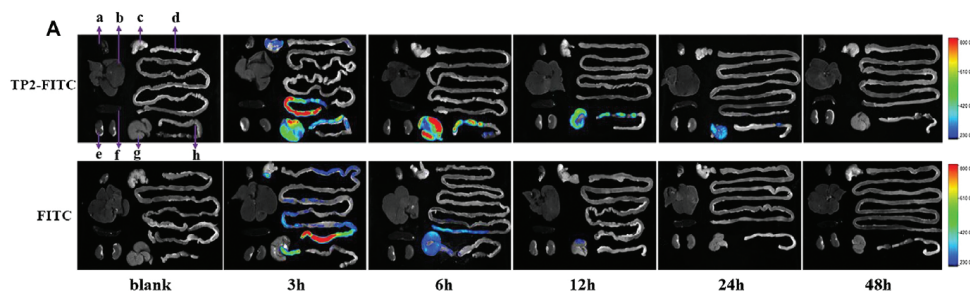
BUSINESS

TP2 targets inflammatory and autoimmune diseases involving the gastrointestinal tract, skin and mucosal tissues, which represent large and growing markets with significant unmet medical needs. According to Frost & Sullivan, in 2025, the number of patients with UC, AD and AR was approximately 5.3 million, 711.4 million and 1,386.3 million globally, respectively, and approximately 0.6 million, 74.1 million and 247.7 million in China, respectively. These diseases are generally chronic and recurrent, requiring long-term disease management. Current therapies, including anti-inflammatory drugs, immunosuppressants and biologics, may be limited by long-term safety, tolerability, route of administration and cost. However, based on TP2’s preclinical profile, it may be positioned as a differentiated candidate with a more favorable safety profile and potential applications across multiple autoimmune indications.

Preclinical Studies

Biodistribution Study — Potential Local Action with Limited Systemic Exposure

In our preclinical biodistribution study, FITC-labeled TP2 was orally administered to mice to evaluate its distribution and elimination profile over time. As shown in the fluorescence imaging results below, TP2 signals were mainly observed in the gastrointestinal tract after administration and gradually decreased over time. By approximately 48 hours, no obvious fluorescence signal was observed, indicating that TP2 had been substantially eliminated from the body. These results suggest that TP2 was primarily retained in the gastrointestinal tract and excreted via feces, supporting its potential local action profile with limited systemic exposure.

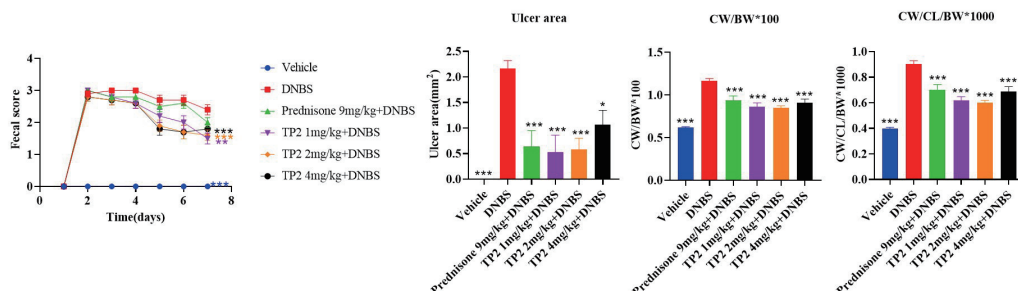


Notes: “FITC” refers to fluorescein isothiocyanate, a fluorescent label used to visualize TP2. The colored areas indicate fluorescence signals, with warmer colors representing stronger signals. The images show the distribution of FITC-labeled TP2 in major organs, at different time points after administration. The labels a to h indicate the heart, liver, stomach, small intestine, kidney, spleen, cecum and colorectum, respectively.

Efficacy Signals Across Multiple Preclinical Disease Models

We evaluated TP2 in multiple preclinical inflammatory disease models, including UC, AD and AR, to assess its therapeutic potential across gastrointestinal, skin and airway mucosal conditions. These models were selected to reflect different tissue contexts and disease manifestations involving immune and inflammatory responses.

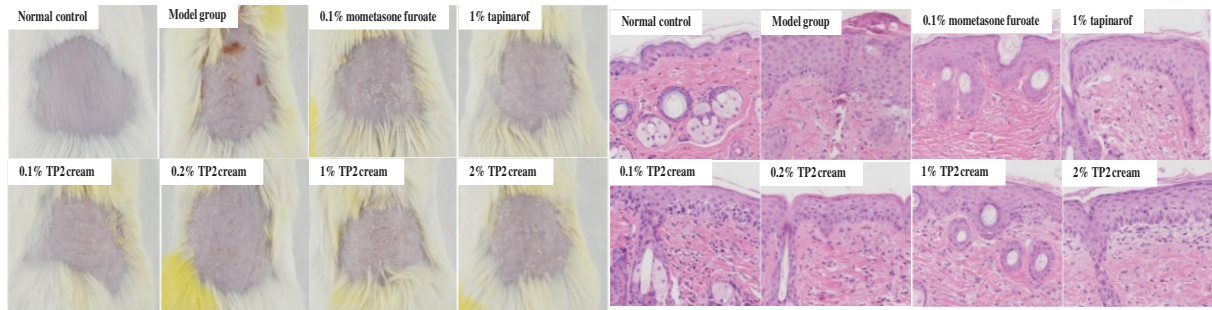
In the DNBS-induced rat UC model, TP2 reduced fecal scores and colon ulcer area, and decreased disease-related colon weight/body weight indicators, as shown in the following figure:



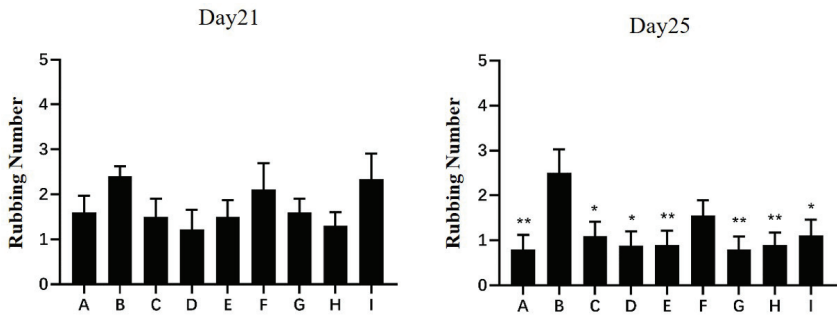
BUSINESS

Notes: Fecal scores reflect stool condition and disease severity in the model. Colon ulcer area reflects the extent of colonic mucosal injury. CW/BW×100 and CW/CL/BW×1000 are colon weight/body weight-related indicators used to assess colonic inflammation and edema. Statistical significance is indicated as compared with the model group, where applicable.

In the mouse AD model, TP2 reduced skin lesion scores and improved dermatitis-related symptoms, including skin crusting and thickening of the stratum corneum and epidermis. In addition, the TP2 cream 2% group showed a significant reduction in plasma IL-4 level compared with the model group. The following chart shows representative skin appearance and histological images:



In a mouse AR model, TP2 reduced the frequency of nose rubbing, indicating its potential to alleviate typical symptoms of allergic rhinitis. In this model, mice were first sensitized by intraperitoneal injection of low-dose ovalbumin. Subsequently, from Day 21 to Day 25, mice in the model group and each treatment group were intranasally administered ovalbumin to induce local nasal challenge and trigger typical symptoms associated with allergic rhinitis. Mice in each treatment group were administered one dose at the designed dose level and by the designated route of administration approximately four hours before challenge, for five consecutive days. The figure below shows the effect of TP2 on nose-scratching frequency on Day 21 and Day 25:



Notes: Statistical significance is indicated as compared with the model group: *P < 0.05 and **P < 0.01. A: normal group; B: model group; C: TP2 low-dose oral group (1 mg/kg); D: TP2 medium-dose oral group (3 mg/kg); E: TP2 high-dose oral group (9 mg/kg); F: TP2 low-dose intranasal group (3 mg/mL); G: TP2 medium-dose intranasal group (10 mg/mL); H: TP2 high-dose intranasal group (30 mg/mL); and I: fluticasone propionate group (0.5 mg/mL).

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET TP2 SUCCESSFULLY.

BUSINESS

SK16

Overview

SK16 is an oral spray formulation being developed for the treatment of oral mucositis (“OM”). OM is a common and debilitating condition, particularly in patients receiving chemotherapy or radiotherapy, characterized by mucosal inflammation, ulceration and pain. Based on our preclinical studies, SK16 has been shown to inhibit cell apoptosis and cellular damage in epithelial cells induced by multiple chemotherapeutic agents. Accordingly, SK16 may alleviate oral mucositis by promoting mucosal healing, restoring mucosal barrier integrity.

We plan to submit the IND application to the NMPA and/or FDA for the treatment of OM in the fourth quarter of 2028.

Key Advantages and Market Opportunity

We believe SK16 has three potential core advantages. Firstly, as an oral spray formulation, SK16 is designed for direct application to affected mucosal areas, enabling localized action and convenient administration. Secondly, unlike conventional treatments that mainly provide symptomatic relief, SK16 is designed to combine anti-inflammatory effects with promotion of mucosal healing. Thirdly, SK16 may serve as a supportive care option in oncology settings, where OM is a common complication of chemotherapy and radiotherapy.

Current treatment approaches remain largely supportive and do not directly promote mucosal repair. Therefore, there remains a need for safe and effective therapies that can accelerate healing and reduce disease burden. SK16 is positioned to address this opportunity as a differentiated, locally administered therapy targeting both inflammation and tissue repair.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SK16 SUCCESSFULLY.

SK12

Overview

SK12 is a topical gel formulation being developed for inflammatory skin diseases, including atopic dermatitis (“AD”) and psoriasis. Both AD and psoriasis are chronic and recurrent diseases characterized by immune dysregulation and skin barrier dysfunction. Based on our preclinical studies, SK12 may modulate the local skin immune microenvironment by inhibiting the overexpression of thymic stromal lymphopoietin (“TSLP”), an upstream epithelial-derived cytokine involved in initiating and amplifying inflammatory responses in AD. Based on our preclinical studies, we supposed that SK12 may alleviate skin inflammation and improve disease-related symptoms, through local immune modulation, improvement of epidermal barrier function.

We plan to submit the IND application to the NMPA and/or FDA in the fourth quarter of 2029.

Key Advantages and Market Opportunity

We believe SK12 has several potential core advantages. As a topical gel formulation, SK12 is designed for local administration, which may reduce systemic exposure and improve patient convenience. Unlike conventional therapies that primarily provide symptomatic relief or target single downstream pathways, SK12 is designed to act on upstream immune signaling and may offer a differentiated mechanism of action. In addition, SK12 is being developed for multiple dermatological indications, including AD and psoriasis, which may enable broader clinical applications.

BUSINESS

AD and psoriasis represent large and growing markets with substantial unmet medical needs. Current topical therapies remain widely used but may face limitations in long-term use, tolerability and recurrence control. While biologics and small molecule therapies have improved outcomes in moderate-to-severe patients, their use may be limited by cost, route of administration and safety monitoring requirements. Therefore, there remains a need for safe, convenient and mechanism-differentiated topical therapies for long-term disease management. SK12 is positioned to address this opportunity.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SK12 SUCCESSFULLY.

ZY19

Overview

ZY19 is an in-house-developed, preclinical-stage product candidate based on a proprietary strain of *Akkermansia muciniphila* (“AKK”) isolated from fecal samples of healthy human donors. We are currently developing ZY19 as a pharmaceutical candidate for the treatment of metabolic diseases, as we have observed improvements in blood glucose and lipid-related indicators in preclinical animal models of non-alcoholic fatty liver disease and glucose-lipid metabolic disorders.

We plan to submit the IND application to the NMPA and/or FDA in fourth quarter of 2029.

Key Advantages and Market Opportunity

The rapid growth of glucagon-like peptide-1 (GLP-1)-based therapies has validated the significant market demand for effective metabolic disease treatments and has expanded patient and physician awareness of long-term metabolic management. However, GLP-1 therapies are commonly administered by injection, and treatment discontinuation may be associated with weight regain and deterioration of metabolic indicators. These limitations create market opportunities for differentiated therapies that are convenient for long-term use and may support sustained metabolic control.

As an orally administered pharmaceutical candidate, ZY19 may offer a more convenient and patient-friendly treatment approach compared with injectable therapies. Based on our preclinical studies, ZY19 has demonstrated improvements in blood glucose and lipid-related indicators in animal models of non-alcoholic fatty liver disease and glucose-lipid metabolic disorders. In addition, AKK-based products may have potential as a long-term maintenance therapy, including for patients who have previously received GLP-1-based treatment, by helping to support metabolic stability after initial disease control. Given that metabolic diseases are chronic conditions requiring sustained management, the oral route of administration and potential long-term safety profile of AKK may support ZY19’s development as a differentiated candidate in the metabolic disease market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ZY19 SUCCESSFULLY.

OUR PROBIOTIC RAW MATERIALS PRODUCTS (NON-PHARMACEUTICAL PIPELINE)

Overview

In the commercial supply chain for probiotic products, probiotic strains are typically supplied as raw materials by upstream manufacturers and are further processed and incorporated by downstream manufacturers into finished consumer health products. Traditional probiotic raw materials mainly include commonly used strains such as *Lactobacillus* and *Bifidobacterium*. However, in recent years, the industry has gradually expanded toward next-generation probiotic (“NGP”) raw materials with clearer functional characteristics and more specific application potential. Leveraging our long-established R&D capabilities in this field, we have expanded into the NGP raw materials market, where we develop and supply probiotic raw materials to downstream manufacturers.

BUSINESS

AM06™, a proprietary *Akkermansia muciniphila* (“AKK”) strain developed by us and derived from healthy human breast milk, is our principal NGP raw materials product. According to Frost & Sullivan, AKK is widely regarded as a representative NGP strain, and it has attracted increasing attention from both academia and industry due to its potential role in maintaining gut barrier function, supporting metabolic balance and regulating immune homeostasis. As the probiotic industry continues to shift from conventional strains toward more differentiated, higher-value strains, AKK has emerged as an important focus of research and product development, particularly in applications related to metabolic and gut health.

Based on our comprehensive assessment of 31 AKK isolates, including 30 fecal-derived isolates and one breast milk-derived isolate, AM06™ was identified with core characteristics including low toxicity, high genetic stability, and excellent pH and bile salt tolerance. According to Frost & Sullivan, AM06™ is among the few commercially available AKK strains derived from the breast milk of healthy women.

Market Opportunity and Competition

Market Size and Growth

According to Frost & Sullivan, the global probiotic raw materials market is expected to grow from USD1,977.8 million in 2025 to USD3,049.3 million by 2030, while the China probiotic raw materials market is expected to grow from USD296.5 million in 2025 to USD512.3 million by 2030. Such growth reflects the continued demand for probiotic raw materials in both the global and China markets, driven by the increasing adoption of probiotic ingredients in consumer health products and the growing market preference for functionally differentiated strains. In addition, according to Frost & Sullivan, the AKK market remains at an early stage of development but is expected to grow rapidly as regulatory recognition, consumer awareness and downstream product applications continue to develop. For further details, see “Industry Overview — Probiotic Raw Materials Market.”

Competitive Landscape and Differentiated Positioning of AM06™

Competition in the NGP raw materials market is increasingly shifting from scale-based competition in conventional strains to technology- and evidence-based competition in differentiated strains. Compared with traditional probiotic raw materials, NGP raw materials, including AKK strains, generally require more stringent capabilities in strain sourcing and screening, functional and safety validation, process development, quality control and regulatory readiness, as downstream manufacturers typically place greater emphasis on scientific support, product stability and compliance when selecting high-value probiotic raw materials. According to Frost & Sullivan, China is among the global leaders in the field of NGPs, supported by its growing number of strains under development and continued progress in microbiome research.

We believe AM06™ is well-positioned to address these market requirements. AM06™ was identified following a comprehensive assessment of 31 AKK isolates and is differentiated by its healthy human breast milk origin. Its low toxicity, high genetic stability, and excellent pH and bile salt tolerance support its suitability for downstream consumer health applications. We have also developed PROFORCARE® Heat-InActivated technology to address the technical requirements for stable and controllable AKK raw material production. Together with our patent portfolio, third-party SGS quality testing and experience in strain development, CMC process development and quality control accumulated from the LBP field, these capabilities support the differentiated positioning of AM06™ in the NGP raw materials market.

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RESEARCH AND DEVELOPMENT

We have continued to invest in our research and development (“R&D”) to support the development and commercialization of our Core Product and other product candidates. In line with industry practice, we primarily conduct our R&D activities through our internal team and supported by external service providers where appropriate. More importantly, as a platform-based biopharmaceutical company, we have established ZYMIRS, our proprietary microbiome innovation research system that integrates strain discovery, functional validation, non-clinical evaluation, CMC development, manufacturing process development and quality control capabilities. This R&D system primarily supports the development of our own pipeline, while also allows us to extend our technical expertise to external projects within industry, by providing non-clinical CRO services and CDMO services. Such engagements allow us to broaden the application scenarios of our technologies, strengthen collaboration with industry participants and coordinate resources within industry.

Our research and development expenses amounted to RMB67.6 million and RMB61.9 million in 2024 and 2025, respectively, primarily reflecting our continued investment in the development of our pipeline throughout the Track Record Period. In 2024 and 2025, the research and development expenses attributable to our Core Product and key product amounted to RMB51.9 million and RMB49.4 million, respectively, representing 76.8% and 79.8% of our total research and development expenses for the corresponding years. Our research and development cash operating costs accounted for 85.7% and 83.9% of our total cash operating costs in 2024 and 2025, respectively. For further details, see “Financial Information — Description of Major Components of Our Results of Operations” and “Financial Information — Cash Operating Costs.”

In-house R&D Team

We have established an integrated in-house R&D team comprising experienced personnel with expertise spanning medical affairs, early-stage discovery, pre-clinical research, CMC development and manufacturing operations. As of the Latest Practicable Date, under the strategic guidance of Dr. Zhi Fachao, we have established a dedicated in-house R&D team of 58 members, 20 of whom hold master’s degrees or above. Our core R&D personnel play a critical role in supporting the continuous development of our Core Product and other product candidates. This team consists of eight members with expertise spanning the fields of novel drug R&D, clinical trials, and pharmaceutical microbiology technologies, and they have an average of over 14 years of experience working in the biopharmaceutical industry. Particularly, each of Dr. Wang Ye, Dr. Liu Yangyang and Dr. Li Ping is a core member of the Guangzhou Innovation Leadership Team (廣州市創新領軍團隊). As of the Latest Practicable Date, the core R&D personnel involved in the development of our Core Product remained employed by us. In addition, all core R&D personnel are bound by non-compete agreements upon departure, and no prior non-compete restrictions apply to their current roles.

The following table sets forth the identities, positions, expertise of our core R&D personnel as of the Latest Practicable Date and their involvement and contributions to the R&D activities, including with respect to our Core Product, up to the same date:

Identity	Position and Role	Expertise	Involvement and contributions to the R&D activities, including with respect to our Core Product	Date of joining our Group
Dr. Wang Ye	General Manager; Co-founder; Director; Decision-making Manager	Over 20 years of experience in innovative drug R&D and commercialization, and more than 10 years of experience in corporate operations and management.	Responsible for the formulation and implementation of our R&D strategy, investment and financing matters, and the management and coordination of the business departments. At the early stage, established a comprehensive R&D system and commercialization platform, formulated and implemented the R&D strategy for our Core Product, built a stable and experienced core team, and led the Company to complete financing.	2013

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Identity	Position and Role	Expertise	Involvement and contributions to the R&D activities, including with respect to our Core Product	Date of joining our Group
Dr. Liu Yangyang . . .	Deputy General Manager; Co-founder; Head of Early-stage New Drug Discovery and Business Collaboration	15 years of experience in preclinical and clinical-stage R&D of LBP, and has promoted multiple business collaborations.	Responsible for early-stage drug discovery and external business development. Familiar with the product development and commercialization process in the fields of LBP and NGP. Has participated extensively in the preclinical and clinical research of SK08, and helped establish the collaboration and development platform for LBP.	2013
Dr. Li Ping	Deputy General Manager; responsible for coordinating CMC strategy, CMC team and Manufacturing Center	Over 15 years of experience in biologics and LBP development	Responsible for formulating the overall CMC R&D strategy, leading the coordination of key technical work between the CMC team and the production center, and coordinating the process development and industrialization implementation of product candidates, including our Core Product; served as deputy director of the Guangdong Engineering Technology Research Center for LBPs and participated in 10 national-, provincial- and municipal-level research projects.	2016
Ms. Wang Wei	Deputy General Manager; Head of Medical Affairs	Over 15 years of experience in clinical development, regulatory registration and compliance	Responsible for coordinating clinical development, drug registration and compliance-related matters, and leading the clinical development and registration filings of our product candidates, including our Core Product.	2021
Mr. Wu Jiaqi	General Manager of Puwei Junjian; Head of Manufacturing Center	Over 10 years of experience in pilot-scale manufacturing and commercial production of LBPs and NGP	Responsible for process scale-up, GMP-compliant production, and maintenance and operation of the GMP quality system, supporting manufacturing activities for our product candidates, including our Core Product.	2014
Ms. Zheng Lijun . . .	Head of NGP	Ten years of experience in isolation and discovery, mechanism research and preclinical development of NGP	Responsible for strain isolation, screening and identification, strain safety evaluation, early discovery and preclinical research of product candidates, and exploratory research on new technologies such as AI and synthetic biology	2016

BUSINESS

Identity	Position and Role	Expertise	Involvement and contributions to the R&D activities, including with respect to our Core Product	Date of joining our Group
Mr. Kuang Gaobo . . .	Head of CMC	Proficient in the full-chain process development and quality research of LBPs from laboratory-scale studies to pilot-scale studies	Leads the R&D of the CMC segment and coordinates the process development, process scale-up, quality research and technology transfer of product candidates, including the Core Product	2015
Mr. Ding Jingzhi . . .	Researcher of NGP	Proficient in microbiology R&D and bioinformatics analysis; holder of PMP certification	Previously responsible for establishing our microbial fermentation system, and subsequently participated in our early-stage microbiology research, responsible for microbial genome and omics analysis	2018

We had not experienced any material difficulties in our R&D activities, including the R&D of our Core Product, due to change of R&D personnel.

Early-Stage Drug Discovery and Development

Our NGP team serves as our early-stage discovery function and is primarily responsible for monitoring global scientific and R&D developments in our focus areas, evaluating potential project opportunities and conducting early-stage research. As of the Latest Practicable Date, our NGP team consisted of 10 members and was organized into a strain isolation team, a non-clinical team and a bioinformatics team. Members of the NGP team generally hold bachelor’s degrees or above, and more than 50.0% of them hold master’s degrees. The team is primarily responsible for activities spanning early-stage discovery, developability assessment and non-clinical research. It also supports our innovative pipeline through the systematic discovery, screening and validation of live biotherapeutic candidate strains with therapeutic potential, thereby supporting subsequent development and industrialization.

Clinical Development

We have established an in-house medical affairs team to support the clinical development of our product candidates. As of the Latest Practicable Date, our medical affairs team consisted of six members. Over 60.0% of the team had nearly 10 years of clinical research experience, and the project manager had more than eight years of project management experience. The team is primarily responsible for advancing the conduct of clinical trials, facilitating subject enrollment, follow-up and clinical data collection, analyzing and interpreting clinical data, preparing IND- and NDA-related materials, and evaluating clinical needs and development feasibility for potential indications. Through this medical affairs team, we have developed in-house capabilities in clinical strategy, trial management and clinical data analysis, which, together with our collaborations with clinical trial sites, principal investigators (“PIs”), CROs and SMOs, support the continued advancement of our clinical development activities.

BUSINESS

Collaborations with Clinical Trial Sites

In China, drug clinical trials are required to be conducted at clinical trial institutions that meet the relevant requirements and have completed the required filing procedures, in accordance with the applicable PRC laws and regulations, including the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) and the Good Clinical Practice for Pharmaceutical Products (2020 Revision) (《藥物臨床試驗質量管理規範(2020年修訂)》) (“GCP”). In selecting clinical trial sites, we typically consider factors such as the site’s expertise in the relevant therapeutic area, patient resources, research capabilities, clinical trial experience, equipment and facilities, and the qualifications of the relevant investigators.

For each clinical trial, we typically enter into agreements with the participating sites setting out, among other things, the parties’ responsibilities, study conduct requirements, payment arrangements and intellectual property ownership. Clinical trial protocols, informed consent forms and other required documents are submitted to the ethics committee of each participating site for review, and the trial is conducted in accordance with the approved protocol and the applicable GCP requirements. The participating sites are responsible for conducting the trial, collecting trial data and preparing relevant study records in accordance with the protocol, while we make milestone-based or scheduled payments in accordance with the relevant agreements.

We also conduct internal screening, evaluation and approval procedures for clinical suppliers and service providers pursuant to our internal standard operating procedures (SOP). Through such collaborations and the implementation of internal control measures, we seek to ensure that our clinical trials are conducted in a compliant, efficient and quality-controlled manner, thereby supporting the clinical development and potential registration of our product candidates.

Relationships with PIs

In addition to our collaborations with clinical trial institutions, we maintain ongoing communication with PIs and clinical experts in relevant therapeutic areas and keep them informed of our latest R&D progress. When selecting PIs, we generally take into account their academic influence in the relevant field, the clinical resources and research capabilities of their affiliated hospitals, and their ability to facilitate relevant clinical development efforts. Based on these considerations, the PIs and clinical experts with whom we collaborate are senior physicians from leading Class III hospitals and are responsible for the implementation, quality control and safety management of clinical trials.

In 2025, we collaborated with 55 PIs during the clinical development of our product candidates. These PIs and clinical experts not only provide important feedback on clinical needs, trial design and patient management, but also help us better advance the clinical development of our product candidates. In addition, we continue to engage with PIs and clinical experts through industry and academic conferences, where our latest R&D progress is presented and discussed, thereby facilitating academic exchange and supporting our R&D efforts.

Collaborations with CROs and SMOs for Our Clinical Trials

We collaborate with CROs and SMOs to support the execution of our clinical trials. CROs generally provide specialized clinical development services, such as project management, clinical monitoring, data management, statistical analysis, medical writing and pharmacovigilance, while SMOs generally provide site-level operational support. In selecting CROs, we generally focus on service providers with established SOP, strong execution capabilities, broad personnel coverage and a well-established industry reputation. For larger clinical projects, we typically invite multiple CROs to participate in the selection process and make our decision after internal evaluation and comparison of, among other things, their service capabilities, relevant project experience and proposed fees. We mainly determine the service fees paid to the CROs and SMOs in accordance with market prices of similar services, the number of enrolled patients, the duration of the clinical trials, and the quality and contents of the services provided. In both 2024 and 2025, we engaged a total number of 11 and two CROs and SMOs, respectively.

BUSINESS

During our clinical trials, we also engage independent third-party auditors to conduct inspections, and our internal personnel conduct on-site checks at study centers, in each case with a view to strengthen quality control and protecting subjects’ rights and safety. Through such collaborations and the implementation of internal control measures, we seek to support the compliant, efficient and quality-controlled conduct of our clinical trials.

Key terms of the agreements that we typically enter into with our CROs and SMOs are set forth below:

Services. The CROs and SMOs provide clinical trial services as set out in the relevant agreement or work order. CROs generally provide project and site management, monitoring, data management, biostatistics, medical writing and monitoring, pharmacovigilance, and regulatory and ethics support. SMOs generally provide clinical research coordination, including clinical research coordinator (CRC) site management, administrative support to investigators, patient enrollment and follow-up, electronic data capture (EDC) entry, sample shipment, subject diary follow-up and data query responses.

Term. The CROs and SMOs must perform within the agreed service period or the timeline and milestones in the relevant agreement or work order, which may be adjusted by mutual agreement based on trial progress.

Payments. We pay the CROs and SMOs per the agreed schedule, which may be tied to project progress, subject enrollment, subject visits, database lock, deliverable submission, regulatory review or other milestones.

IP rights. We own the IP, data, results, records and other deliverables generated within the agreed scope of work.

Confidentiality. The CROs and SMOs may not disclose confidential information obtained from the projects, including but not limited to, scientific, technical, business and financial information, trial data, research records, project documents and subject privacy information.

Termination. The agreements may be terminated per their terms, including upon mutual agreement, material breach, delayed or non-conforming services, changes to our development strategy or trial plan, or other specified circumstances.

Regulatory Affairs

Our registration and compliance team is responsible for the regulatory approval process of our product candidates. The team manages the regulatory submission process, which requires that filings be made to, and approved by, the relevant authorities prior to the initiation of clinical trials or commercialization. In this capacity, the registration and compliance team prepares and manages regulatory filings by coordinating relevant teams in drafting filing dossiers, coordinating the preparation of responses to regulatory requests, and conducting CMC and GMP readiness assessments for our product candidates.

Early Support from Guangdong Zhiguang

During the establishment and incubation stage of our Company, Guangdong Zhiguang, one of our founding Shareholders, provided support to us. Certain early-stage R&D projects were applied with Guangdong Zhiguang as the applicant, and certain intellectual property rights were also registered in the name of Guangdong Zhiguang. Following the establishment of our Company, Guangdong Zhiguang entered into a series of technology transfer agreements and patent transfer agreements with us, pursuant to which all the relevant technologies and intellectual property rights registered under Guangdong Zhiguang’s name (including patents, patent applications, trade secrets, technical materials, etc.) were transferred to our Company.

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We do not regard these arrangements as license-in arrangements. Guangdong Zhiguang is our founding Shareholder, not an external licensor; it was an equity investment platform and did not conduct any R&D on its own. It had never owned any technologies (or any associated intellectual property rights) other than those technologies developed by our core R&D personnel and subsequently transferred to us after our establishment. We do not rely on any continuing authorization or license from Guangdong Zhiguang for the development, manufacturing or commercialization of our Core Product and other product candidates. Guangdong Zhiguang did not retain any commercialization rights, license rights, royalty-sharing rights or other rights that would restrict the development or commercialization of our Core Product or other product candidates.

Before and after the relevant technologies and intellectual property rights had been transferred to us, our core R&D team has continuously conducted systematic R&D activities, including strain verification, pharmacodynamic mechanism studies, CMC development, preclinical studies, clinical development, regulatory submissions and global intellectual property portfolio development. These efforts have formed the basis of our existing core technology system. In particular, all the clinical trials in relation to our Core Product and other product candidates were initiated by us after the relevant technologies and intellectual property rights had been transferred to us.

During the Track Record Period and up to the Latest Practicable Date, there had been no dispute between our Company, Guangdong Zhiguang, its shareholders, our Shareholders (then or current) or our core R&D personnel in relation to the ownership of the relevant technologies and intellectual property rights.

Collaborations with Nanfang Hospital and Southern Medical University

We and our core R&D team have maintained an amiable collaborative relationship with Nanfang Hospital, Southern Medical University (南方醫科大學南方醫院) and Southern Medical University (南方醫科大學). Our collaborations with them included, among others, (i) SK08-related research under a research task of the National High-tech R&D Program of China (國家863計劃), (ii) subsequent project-based collaborations under provincial and/or municipal science and technology programs (such as the Guangzhou industry-university-research collaborative project (廣州市產學研協同重大專項資金)) relating to MoA studies and pharmacodynamic evaluation, and (iii) a Guangdong Provincial Major Special Program for New Drug Innovation and Development (廣東省重大新藥創製專項) project for the Phase I/II clinical research of SK08.

These collaborations enabled us to leverage Dr. Zhi’s long-standing clinical and academic expertise in gastroenterology, as well as Nanfang Hospital’s clinical research experience in intestinal microecology. The relevant collaborations were primarily research, academic and project-based arrangements, and supported certain non-clinical and clinical-stage R&D activities relating to SK08, including MoA studies, pharmacodynamic evaluation, clinical trial protocol development, clinical trial implementation and study summary. They did not constitute license-in arrangements in respect of our Core Product or other product candidates.

Pursuant to the relevant agreements between Nanfang Hospital, Southern Medical University and us, all the material technologies, research results and intellectual property rights resulting from our collaborations that are necessary for the development and commercialization of SK08 and our other product candidates are owned by us. Nanfang Hospital and Southern Medical University did not retain any commercialization rights, license rights, royalty-sharing rights, milestone payment rights, reversion rights or other rights that would restrict our development or commercialization of SK08 or any other product candidates. Any rights retained by Nanfang Hospital or Southern Medical University under the relevant arrangements were limited to academic publication, project reporting, authorship or inventor attribution and other non-commercial academic or administrative rights.

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During the Track Record Period and up to the Latest Practicable Date, there had been no dispute between our Company, Nanfang Hospital, Southern Medical University, our Shareholders or our core R&D personnel in relation to the ownership of the relevant technologies and intellectual property rights.

CMC AND MANUFACTURING

Our CMC Team

As of the Latest Practicable Date, we had a total of 45 personnel engaged in pharmaceutical research and manufacturing. Our CMC team is mainly responsible for (i) fermentation lyophilization process development and optimization; (ii) formulation process development and optimization; (iii) analytical method development and validation; and (iv) technology transfer of manufacturing processes and quality standards to our manufacturing team. Our manufacturing team is primarily responsible for process scale-up, GMP-compliant manufacturing, and quality system operations.

As maintaining and building up our talent pool is one of our key success factors, we have implemented training and development programs to equip our manufacturing team with the capabilities necessary to support our commercialization and expansion objectives. Our training programs cover three areas: (i) onboarding training for new employees, which includes induction in the Company’s policies, GMP fundamentals, and occupational health and safety; (ii) role-specific skills training, which includes standard operating procedures and individual job responsibilities; and (iii) continuing education for existing employees, such as periodic refresher courses, skills updates, and external training programs. Training effectiveness is assessed through skill assessments.

In terms of talent development, we have established three functional career tracks, namely technical, R&D, and management, with 11 graded levels from M1/P1 to M11/P11. Advancement across levels is determined by performance appraisal results, ensuring a continuous pipeline of qualified talent to support our commercialization and expansion. Our CMC team is led by Mr. Kuang Gaobo, the head of our CMC team, who has over 10 years of experience in LBP pharmaceutical research; and our manufacturing team is led by Mr. Wu Jiaqi, the head of our manufacturing team, who has over 10 years of experience in LBP manufacturing and NGP production.

Manufacturing Facilities

We have established an LBP pilot manufacturing base in the PRC, which is located in Huangpu District, Guangzhou, Guangdong Province. Our manufacturing base comprises two pilot plants with a combined floor area of 4,894.8 sq.m. Our manufacturing facilities are collectively equipped with two 5,000-liter fermentation tank bacteria powder production lines and two powder formulation production lines each employing an eight-lane powder filler. Plant No. 1 has a floor area of 2,633.6 sq.m. and it is equipped with a 5,000-liter fermentation tank supporting both anaerobic and aerobic fermentation processes, enabling the production of live bacterial and inactivated bacterial products.

In addition, Plant No. 2 has a floor area of 2,261.2 sq.m. and is equipped with a 5,000-liter fermentation tank. Both plants are designed to GMP/cGMP standards and can support clinical trial drug candidate manufacturing for IND through Phase III clinical trials in both the PRC and the U.S. Following future technical upgrades, the plants are expected to support regulatory submissions at the NDA/BLA filing stage. For our pharmaceutical products, our manufacturing facilities will be subject to the on-site inspection process conducted in connection with NDA submission, which comprises: (i) registration verification, (ii) pre-approval GMP inspection, and (iii) registration testing.

Currently, our LBP drug candidates (including our Core Product, SK08, and our key product, SK10) remain at the clinical research stage, and none of such products entered scaled mass production during the Track Record Period. Our manufacturing facilities are primarily used for: (i) production process development; (ii) the production of materials used in clinical trials for SK08 and other LBP drug

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candidates; (iii) providing CRO/CDMO services to third-party clients; and (iv) production of the NGP raw material AKK AM06™, which also remains at an early stage of business development, with a relatively small output scale. The table below sets forth the utilization rates of our manufacturing facilities during the Track Record Period:

Production Lines	Gross Floor Area (sq.m.)	Principal Use	Utilization Rate ^{1 2}	
			2024	2025
Plant No. 1 and Plant No. 2, comprising two fermentation tank bacteria powder production lines and two powder formulation production lines	4,894.8	– Process development; – Production of materials used in clinical trials; – CRO/CDMO services; and – Production of AKK AM06™	56.6% ³	71.8% ³

Notes:

1. The utilization rate is calculated by dividing (i) the number of days during the relevant year on which our production facility was actually in operation for the execution of various R&D and production projects (including actual production, necessary cleaning steps, equipment maintenance and validation, audits, and line-sharing together with the related cleaning and validation assessments) by (ii) the total number of available working days for the corresponding year after deducting public holidays (calculated on the basis of 250 working days per plant, or 500 working days in aggregate for the two plants). In 2024 and 2025, the aggregate number of days of actual operation of Plant No. 1 and Plant No. 2 was 283 days and 359 days, respectively.
2. At the current stage, our LBP drug candidates and CRO/CDMO services primarily involve R&D-oriented, small-batch and multi-product production activities. For projects at the early-stage clinical development phase, the quantity of biologics required to produce a single batch varies significantly depending on the circumstances and progress of our customers’ clinical trials, and the output of a single batch may not be at full capacity; nevertheless, during the production period, the relevant production facility is occupied by such project and cannot be used simultaneously to produce another product under development. Accordingly, calculating the utilization rate by dividing the actual output of a specific product by the theoretical maximum annual production capacity would not accurately reflect the actual occupancy and use of our production facilities. In view of the foregoing, for such businesses, the utilization rates of our production facilities were calculated following the method set forth in note 1 above, which we believe can more appropriately and comparably reflect our actual use of the production facility at the current stage.

By contrast, the output of the NGP raw material AKK AM06™ can be measured by weight (in kilograms), and its per-batch output is relatively standardized, thereby making the conventional “output divided by capacity” calculation method slightly more reasonable. The actual output of AKK AM06™ in 2024 and 2025 was approximately 486.2 kilograms and 234.8 kilograms, respectively, and the theoretical maximum annual production capacity of our production facilities was 10,000.0 kilograms for AKK AM06™. Therefore, with respect to the production of AKK AM06™, the utilization rates of our production facilities calculated following the conventional method was approximately 4.9% and 2.3% for 2024 and 2025, respectively. However, as this business remains at an early stage of commercialization with a relatively small output, and for consistency with our LBP and CRO/CDMO business as well as to facilitate overall comparison, we have also presented AKK AM06™ under the operating-days-based facility utilization rate described above.
3. The utilization rate increased during the Track Record Period, primarily due to the advancement of our LBP pipeline projects and the increase in clinical-batch production, as well as the increase in the number of CRO/CDMO projects undertaken, which correspondingly increased the number of operating days of the production facility.

We plan to commence technical renovation of the existing manufacturing facilities in 2027 to satisfy the requirements for the NDA application and drug manufacturing license application of our self-developed powder of our Core Product SK08 (“Live SK08 Powder”). After the renovation, the original two bacteria powder production lines and two formulation production lines will be reduced to one bacteria powder production line and one formulation production line, with the storage, outer-packaging, and other functional areas expanded simultaneously to match the needs of commercial-scale production and quality-system upgrades.

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LBP Drug Candidates

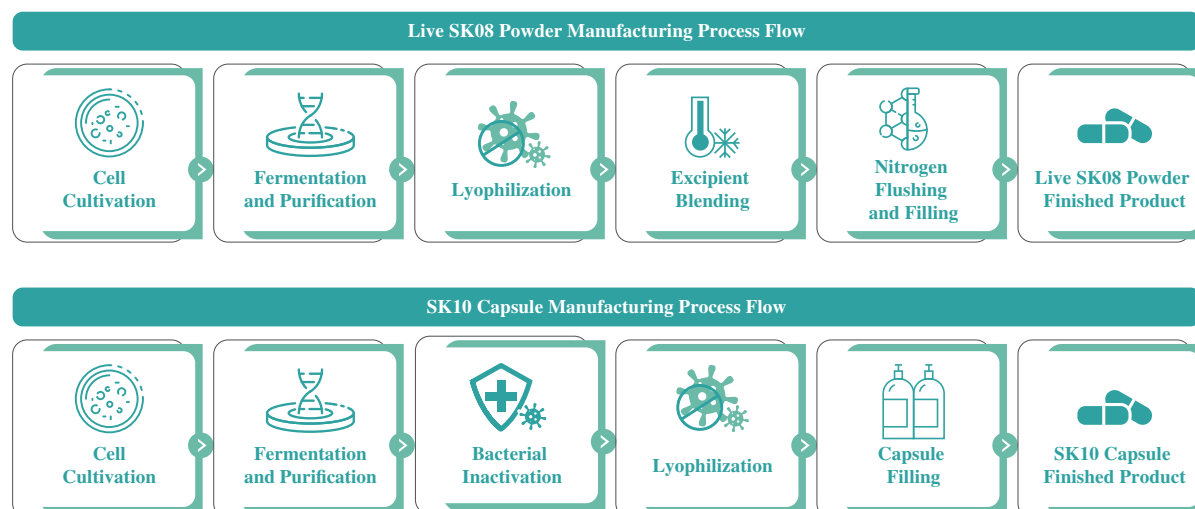
During the Track Record Period and up to the Latest Practicable Date, we successfully completed approximately 405,116 production packets/capsules of clinical trial samples supporting our preclinical studies and Phase I, II, and III clinical trials. The table below sets forth key production details of our key LBP drug candidates during the Track Record Period and up to the Latest Practicable Date:

Pipeline Products	Dosage form	Total packets/ capsules produced '000	Packets/ capsules for clinical use '000	Packets/ capsules for non-clinical use '000	Product release success rate
SK08 (IBS-D, UC, pediatric rotavirus diarrhea, and advanced solid tumors (in combination with anti-PD-1/L1 monoclonal antibodies))	Powder	381	381	0	100%
SK10 (CID)	Capsule	24	24	0	100%
Total		405	405	0	100%

Our SK08 and SK10 production lines employ an LBP-specific anaerobic manufacturing process that seamlessly integrates all stages from seed culture expansion through lyophilization to final drug product. The process begins with the expansion of the working seed of *Bacteroides fragilis*, and is subsequently scaled up to 5,000-liter anaerobic fermentation. Following fermentation, the broth is subjected to centrifugation to harvest bacterial cells. The separated bacterial cells are then washed, re-centrifuged for collection, mixed with lyoprotectants, and lyophilized. The resulting lyophilized cake is then milled into bacterial powder, blended with pharmaceutical excipients, and filled into the final drug product form. The fermentation and lyophilization process represents the most technically complex stage of our manufacturing operations, and we possess technical know-how and intellectual property covering our fermentation formulation and process control parameters. For SK10, an additional inactivation step is conducted after fermentation.

At the current state of process technology, Plant 2 has an estimated annual production capacity of approximately five million packets for SK08. We plan to upgrade Plant 2 to prepare for commercialization, after which its capacity is expected to increase to 15 million packets. We intend to invest in new commercial-scale manufacturing facilities following NDA approval of our Core Product and key product.

The following diagram illustrates the production process of our SK08 and SK10:



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Our CMC Research Capabilities

CMC encompasses the activities that define manufacturing processes, product testing and release specifications, and product storage conditions, all of which are essential to ensuring that a pharmaceutical product is safe, effective, and consistent across batches. The specialized nature of LBP manufacturing, characterized by high-density fermentation of live bacterial strains, lyophilization of live bacteria, and stringent control of viable bacterial counts, requires CMC capabilities that are distinct from those applicable to conventional small-molecule or biologic drugs. We have built an LBP CMC research and manufacturing platform in the PRC, underpinned by over 10 years of accumulated experience in this field. Our CMC capabilities comprise the following key functions:

Process Development. Our process development team focuses on developing and optimizing the fermentation and lyophilization processes for our LBP candidates and NGP raw materials. The key steps in the production of our LBP products involve seed culture expansion, fermentation at scale (up to 5,000 liters), centrifugal separation of bacterial cells, addition of lyoprotectants and lyophilization to obtain bacteria powder, mixing with excipients and dispensing into the final drug product form. For SK10, an additional post-fermentation inactivation step and associated quality control are required to confirm complete inactivation of biological activity while preserving the therapeutic properties of the bacterial components. We hold know-how and intellectual property rights covering our fermentation formulations and process control parameters.

Manufacturing Facilities. We have established pilot manufacturing capabilities to support our clinical development programs, as described above under “— Manufacturing Facilities.” Our two pilot plants, which are designed to GMP/cGMP standards, currently serve as our primary manufacturing bases. We plan to apply for a Drug Manufacturing License and complete GMP compliance inspection upon NDA submission. Once a production run is initiated, the process must be completed in full without interruption. Accordingly, we maintain stable utilities supply arrangements and conduct planned maintenance during scheduled shutdown periods. All principal manufacturing equipment is owned by us, subject to regular maintenance by our production team and annual servicing in collaboration with equipment manufacturers. We intend to establish dedicated commercial-scale manufacturing facilities upon NDA/BLA approval of our Core Product and key product.

Analytical Sciences. Our analytical science capabilities implement a science-driven approach to the development and application of analytical techniques throughout the lifecycle of each of our LBP candidates. These capabilities include analytical method development and validation for drug substance API and drug product, technical transfer of process and analytical methods, establishment of product specifications, and batch testing and release. Given the inherent biological characteristics of LBP products, our analytical methods are designed to assess critical quality attributes including potency (content), identity (strain authentication), purity, and safety parameters such as the absence of contaminants and adventitious agents.

Quality Control and Quality Assurance. With a well-documented and comprehensive quality management system, our quality control and quality assurance function is responsible for testing and verifying product quality against release specifications at every stage, from incoming raw material inspection through to final batch release. See “— Quality Control and Assurance” below for further details.

QUALITY CONTROL AND ASSURANCE

Quality control and quality assurance are critical to our continued success, and are particularly important for LBP products given the inherent sensitivity of live bacterial strains to process deviations and environmental variables. We are committed to ensuring the quality of our operations through a comprehensive quality management system covering all key stages of our R&D and manufacturing processes, established in accordance with GMP requirements of the NMPA and cGMP requirements of the U.S. FDA. We closely monitor evolving GMP standards and regulatory developments, continuously updating our internal procedures to adhere to applicable standards for patient safety and regulatory compliance.

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Our quality management team comprises 16 dedicated personnel as of the Latest Practicable Date. All team members possess work experience and qualifications commensurate with their roles and the requirements of our quality management activities.

We have established comprehensive quality control and assurance procedures covering the following key areas:

Incoming Material Control. All incoming raw materials, excipients, and packaging materials must be inspected upon arrival and accepted only after passing inspection. Upon acceptance, materials are submitted for an inspection request, with our quality control team conducting sampling and testing. For items which we do not yet have in-house testing capabilities, qualified third-party testing institutions are engaged to perform independent testing, and an inspection report is issued upon passing. Materials that fail to meet our quality standards are subject to return and no disputes have arisen from such returns to date. We maintain a qualified supplier list and conduct periodic supplier evaluations focusing on product quality, the validity of production licenses, and CDE registration status.

In-process Control and Deviation Management. The primary quality control challenge in LBP manufacturing is the risk of microbial contamination, particularly the introduction of adventitious microorganisms into fermentation vessels. We address this through strict operational protocols, rigorous incoming material controls, personnel hygiene requirements, and regular equipment maintenance. In the event that contamination is detected during fermentation, our deviation management procedures require immediate termination of the affected batch, inactivation and discharge of the contaminated material, root cause analysis, and the preparation of a full deviation report in accordance with GMP requirements, and the formulation of corrective and preventive measures. Contamination events have occurred on limited occasions during the Track Record Period and all were managed in accordance with our deviation management procedures without material adverse consequence.

Analytical Testing and Release Standards. We have established product release specifications for each of our LBP drug candidates and AKK AM06™. Each production batch must satisfy release criteria, covering potency (content), identity, purity, and safety attributes, before it may be deployed in clinical trials or distributed to customers.

During the Track Record Period, we did not experience any quality incidents resulting in regulatory sanctions, product recalls, or material adverse impact on our operations.

COMMERCIALIZATION

As of the Latest Practicable Date, none of our LBP candidates have been approved for commercial sale. Nonetheless, we have been building our commercial planning and portfolio management capabilities since our pipeline candidates entered clinical development.

As our LBP candidates advance towards NDA or BLA filing, we intend to adopt a CSO model for the initial commercialization of SK08 and SK10. This approach will allow us to leverage the established market access networks of experienced commercialization partners to achieve faster market penetration, facilitate listing on the NRDL, and support future conversion to OTC status. Based on the experience of comparable LBPs in the PRC market, we expect OTC pharmacy sales to be a key channel for our products at a later stage. In parallel, we intend to build in-house medical affairs capabilities focusing on Key Opinion Leaders’ engagement and medical education to support our clinical adoption. Furthermore, we intend to strengthen our internal capabilities, including market access, channel management, and commercial operations, to drive the implementation and refinement of our overall commercialization strategy.

We also intend to pursue strategic collaboration opportunities to support the commercialization of our LBP candidates in the PRC and potentially in international markets. In particular, we may selectively license out our LBP candidates, establish joint ventures, or enter into other forms of partnerships with leading biopharmaceutical companies for the purposes of executing late-stage clinical trials and/or commercializing our LBP candidates in the relevant markets.

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Pricing

LBP Candidates

When our LBP candidates, including our Core Product and key product, progress to commercialization, we will determine their prices based on a number of factors, including (i) our costs of production; (ii) the prices of competing therapies (if applicable); (iii) the clinical differentiation and therapeutic benefits of our LBP candidates relative to existing treatments; (iv) health economics and outcomes data; (v) market trends; and (vi) changes in the levels of supply and demand. Given that our pipeline spans multiple therapeutic areas, including oncology, gastroenterology, and metabolic diseases, our pricing strategy will be tailored to the specific patient population, treatment setting, and competitive landscape of each indication. We plan to develop a detailed pricing strategy for each LBP candidate as it progresses towards commercialization.

As of the Latest Practicable Date, there was no pricing guidance or centralized procurement requirement set by the PRC government applicable to our LBP candidates. We intend to seek inclusion of our Core Product, key product and other LBP candidates into the NRDL and other reimbursement programs through active negotiations with the relevant authorities, as we believe such inclusion would significantly enhance our market access and patient affordability. However, inclusion into the NRDL is evaluated and determined by the relevant government authorities at their discretion, and we cannot assure you that any of our LBP candidates will be successfully included. See “Risk Factors — Risks Relating to Manufacturing and Commercialization of Our Drug Candidates — The commercialization of our LBP candidates, if approved, may be subject to uncertainties from national, provincial or other third-party drug reimbursement practices and unfavorable drug pricing policies or regulations, which could harm our business” for further details.

Research and Development services

Our pricing for research and development services is determined on a project-by-project basis using a combination of cost-plus and value-based pricing strategies. Under our service agreements, we receive fees in the form of upfront payments, regular research period payments and milestone payments. The specific terms are negotiated on a project-by-project basis taking into account the scope of work, the stage of development, and the resources required.

NGP Raw Materials

Our pricing policies for our NGP raw material, namely AKK AM06™, are determined based on production costs, market positioning, and the terms negotiated with our distribution partners in the relevant territories. To maintain our price competitiveness relative to other products in the industry, we continuously strive to reduce our production costs through ongoing optimization of our fermentation process and downstream post-processing workflows. We believe our cost reduction efforts enable us to sustain a competitive pricing advantage while preserving healthy margins as we scale up our commercial operations.

SALES AND MARKETING

Sales

Since our establishment, we have always been primarily focused on the R&D of our Core Product. However, the development of innovative second-generation LBP products requires substantial investment in terms of capital, time, personnel, and other resources, and as of the Latest Practicable Date, none of our LBP product candidates have been approved for commercial sale. In order to generate some revenue and cash flows to support the continuing R&D of our Core Product and other product candidates, during the Track Record Period, we leveraged certain technologies that we developed during the process of developing our LBP product candidates, and conducted limited sales activities related to our two existing revenue-generating business lines: (i) our NGP raw material business, under which we sell our proprietary

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AKK AM06™ strain to distributors and direct customers; and (ii) our research and development service (including CRO/CDMO services) business, under which we provide contract development, manufacturing and research services to pharmaceutical companies, biotechnology companies and academic and research institutions in the PRC.

NGP Raw Materials — AKK AM06™

Distributors

During the Track Record Period and up to the Latest Practicable Date, we sell AKK AM06™, our proprietary *Akkermansia muciniphila* strain raw material, to one independent third-party distributor incorporated in the PRC, which is responsible for the sale and distribution of the NGP raw material AKK AM06™ in the PRC, the U.S., Canada, Japan, South Korea, Thailand, Indonesia, and Malaysia. The revenue generated from such distributor is recognized when control of the goods is transferred to the distributor, generally upon receipt of the goods. By leveraging its established distribution channels and existing customer networks, we are able to access these international markets for our NGP raw material products efficiently. We selected this distributor based on its business qualifications and marketing capabilities, such as distribution network coverage, quality, number of personnel, cash flow conditions, creditworthiness, logistics, compliance standard and past performance, and customer management capacity. As of the Latest Practicable Date, we were not aware of any potential abuses or improper use of our name by our distributor which could adversely affect our reputation, business operation or financial condition.

We have entered into a distributorship agreement with our distributor. The principal terms are set forth as below:

Key Terms	Descriptions
Duration	Two years, with expected renewal upon expiry.
Designated distribution area	The PRC, the U.S., Canada, Japan, South Korea, Thailand, Indonesia, and Malaysia.
Payment	Payment before delivery.
Minimum purchase amount	One kilogram per order.
Trademark and patent license	We authorize the distributor to use our AM06™ trademark and patents for promotional purposes.
Sub-distributors	The distributor may engage sub-distributors. We provide standard form sub-distribution agreement templates and retain the right to request disclosure of the sub-distributor list, but we do not directly manage sub-distributors.
Price control	Sub-distributors are prohibited from selling below our supply price to the distributor.
Return of products	We generally do not allow product returns except for defective products, which is in line with the industry practice; no returns have occurred to date.
Compliance with law	The distributor’s performance under the agreement shall be in compliance in all material respects with all the applicable laws, regulations and other legal and administrative requirements in the designated distribution territory. The distributor shall also ensure that the procurement and production activities of its customers in the PRC do not violate any applicable laws, regulations or industry requirements.

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Direct Sales

We have also commenced the direct sales of our NGP raw material AKK AM06™ to domestic brand owners and functional health product manufacturers in the PRC, primarily through industry conferences, trade exhibitions, and direct client engagement. These customer relationships are managed by our in-house sales personnel. We did not generate any direct sales revenue from the NGP raw material AKK AM06™ in 2024. In 2025, our direct sales of the NGP raw material AKK AM06™ accounted for 32.0% of our total revenue from the NGP raw material AKK AM06™.

Research and Development Services

We provide CRO/CDMO services directly to clients on a project-by-project basis, without engaging distributors or agents. Our clients include large pharmaceutical companies, biotechnology companies and academic and research institutions. We source clients primarily through industry conferences, proactive outreach, and referrals, with clients concentrated in the PRC. In 2025, we entered into our first overseas CRO service engagement with a renowned Swedish research institution, marking an initial step in our international expansion.

Our services cover a broad scope, including strain safety evaluation, pharmacology and toxicology studies, CMC research, clinical trial material manufacturing, and regulatory filing support for IND applications in the PRC and the U.S. Fee arrangements vary by project in the form of upfront payments, regular research period payments and milestone payments. During the Track Record Period and up to the Latest Practicable Date, we served 29 clients for our research and development services. The aggregate value of our orders in backlog for research and development services amounted to RMB59.1 million as of the Latest Practicable Date.

Marketing

NGP Raw Materials

Our marketing activities for AKK AM06™ are conducted by a dedicated team led by the General Manager of Guangzhou Puwei Junjian and supported by our sales personnel. We promote AKK AM06™ to international brand owners and manufacturers through our distribution network and participation in international industry exhibitions, online promotion through our official website and social media channels, as well as direct client outreach.

Research and Development Services

Our business development function for CRO/CDMO services is led by our Deputy General Manager, who also oversees our R&D team, with support from our early research, manufacturing and CMC teams. Our business development activities include participation in industry conferences, proactive client outreach, and follow-up on inbound inquiries from the scientific and pharmaceutical community.

LBP Drug Candidates

As of the Latest Practicable Date, we have not commenced marketing activities for our LBP drug candidates, all of which remain in clinical development. As our LBP candidates advance toward NDA or BLA filing, we intend to establish an in-house medical affairs and commercial team. See “Business — Commercialization” in this Document for further details.

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OUR SUPPLIERS AND RAW MATERIALS

Our Suppliers

During the Track Record Period, our suppliers primarily included: (i) CROs; (ii) providers of research materials and consumables (including raw materials and excipients); and (iii) providers of technical services. Our procurement activities cover three main categories: (i) CRO services including pre-clinical and clinical development activities; (ii) procurement of specialized culture media, fermentation ingredients, pharmaceutical-grade raw materials and consumables; and (iii) technical services, including outsourced testing, instrument calibration and other engineering-related technical services.

As of the Latest Practicable Date, we had a total of 438 suppliers. During the Track Record Period, purchases from our five largest suppliers amounted to RMB16.9 million and RMB16.0 million in 2024 and 2025, accounting for 42.7% and 41.5% of our total purchases for the same years, respectively. Purchases from our single largest supplier amounted to RMB6.8 million and RMB6.7 million in 2024 and 2025, accounting for 17.1% and 17.3% of our purchases for the same years, respectively. We believe that we maintain strong and stable relationships with our major suppliers.

The table below sets forth the salient terms of a typical agreement with our key suppliers:

Key Terms	Descriptions
Services	CRO and/or SMO technical services in connection with our LBP drug development programs, primarily covering Phase I to Phase III clinical trial services including site management, clinical research coordination, regulatory filing support (including IND applications in the PRC and the U.S.), and related technical and laboratory services. Specific services are set out in work orders or project-specific appendices executed under the applicable master service agreement.
Duration	Typically project-based, with terms aligned with the projected clinical study timeline (generally ranging from two to four years, subject to extension upon mutual agreement). For master service agreements, the agreement is open-ended with individual work orders governing specific projects and timelines.
Payment and credit terms	Payment is generally due within 30 days upon receipt of a valid VAT-compliant invoice from the supplier. For project-based agreements, payments are structured in accordance with the agreed payment schedule or milestone plan set out in the relevant work order. Late payment may incur a penalty at a rate of 0.5% per month on the outstanding amount.
Confidentiality	Each party undertakes to keep the other party’s confidential information strictly confidential and not to disclose it to any third party without prior written consent. Confidentiality obligations are mutual and survive the termination or expiry of the agreement, remaining in force until the relevant information enters the public domain through no fault of the receiving party.
Intellectual property rights	We retain ownership of all deliverables, study data, and rights to the study drugs and/or investigational products upon full payment of all amounts due. Suppliers retain ownership of their pre-existing intellectual property, proprietary methodologies, tools, and systems. Both parties warrant that the services and materials provided will not infringe any third-party intellectual property rights, and each party shall indemnify the other for actual losses arising from a breach of such warranty.

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Key Terms	Descriptions
Medical liabilities	For agreements involving the deployment of clinical research coordinators (CRCs) or other personnel stationed at clinical trial sites, the supplier acts as the employer and is solely responsible for all obligations in respect of such personnel, including salaries, employee benefits, social insurance contributions, and any workplace accidents or injuries occurring during the service period. We bear no liability for employment-related claims brought by such personnel.
Liabilities and termination	Either party may terminate the agreement for cause, including material breach, insolvency, regulatory risk, or prolonged project suspension. We may terminate without cause upon giving 30 to 120 days’ advance written notice (depending on the specific agreement), and are required to pay for all services rendered and irreversible costs incurred up to the termination date. Neither party is liable for indirect, punitive, or consequential losses.

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

Suppliers	Background	Services/products provided to us	Year of commencement of business relationship with us	Credit term/ Payment method	Purchase amount by us (RMB’000)	Percentage of the total purchase (%)
<i>For the Year Ended December 31, 2024</i>						
Supplier A	A company primarily engaged in innovation community operations and technology services, providing operating lease and power supply solutions to enterprises.	Property leasing and electricity resale services	2016	Payment due by the 10th/15th of each month/Bank transfer	6,795	17.1
Supplier B	A company primarily engaged in providing professional management and human resources services to the pharmaceutical and healthcare sector.	Clinical research service – CRO	2020	Installment payments within 30 days of each milestone completion/Bank transfer	4,745	12.0
Supplier C ^(Note 1)	A globally leading CRO primarily engaged in providing biopharmaceutical product development and outsourcing services.	Clinical research service – CRO	2022	Installment payments within 30 days of each milestone completion/Bank transfer	2,535	6.4
Supplier D	A company primarily engaged in providing professional technical services focused on clinical research and the medical field.	Clinical research service – SMO	2023	Installment payments within 30 days of each milestone completion/Bank transfer	1,550	3.9

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Suppliers	Background	Services/products provided to us	Year of commencement of business relationship with us	Credit term/ Payment method	Purchase amount by us (RMB'000)	Percentage of the total purchase (%)
Supplier E	A company primarily engaged in providing business and management consulting services to enterprises.	Consulting service	2024	Within 30 business days after completion of transaction closing/Bank transfer	1,287	3.3
Total					16,912	42.7
<i>For the Year Ended December 31, 2025</i>						
Supplier A	A company primarily engaged in innovation community operations and technology services, providing operating lease and power supply solutions to enterprises.	Property leasing and electricity resale services	2016	Payment due by the 10th/15th of each month/Bank transfer	6,687	17.3
Supplier B	A company primarily engaged in providing professional management and human resources services to the pharmaceutical and healthcare sector.	Clinical research service – CRO	2020	Installment payments within 20 days of each milestone completion/Bank transfer	5,211	13.5
Supplier F	A leading CRO in the PRC primarily engaged in providing clinical trial services.	Clinical research service – SMO	2021	Installment payments within 20 days of each milestone completion/Bank transfer	1,626	4.2
Supplier D	A company primarily engaged in providing professional technical services focused on clinical research and the medical field.	Clinical research service – SMO	2023	Installment payments within 30 days of each milestone completion/Bank transfer	1,311	3.4
Supplier G ^(Note 2)	An A-share listed company primarily engaged in providing one-stop outsourcing (CRO) services for the whole-process R&D and production of drugs and medical devices.	Consulting, registration services and China-US dual filing service	2025	Installment payments within 10 days of each milestone completion/Bank transfer	1,211	3.1
Total					16,046	41.5

Notes:

- 1 Including transactions with a company incorporated in the U.S. of RMB2.5 million and a domestic company of RMB27,300, which are under common control of Supplier C and are deemed as one supplier.
- 2 Including transactions with a company incorporated in Hong Kong of RMB0.7 million and a domestic consulting company of RMB0.5 million, which are under common control of Supplier G and are deemed as one supplier.

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To the best of our knowledge, the top five largest suppliers in each year during the Track Record Period are Independent Third Parties. None of our Directors, their close associates, or any Shareholder who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as of the Latest Practicable Date had any interest in any of our five largest suppliers for each year during the Track Record Period.

Raw Materials

The principal raw materials that we used include specialized culture media, excipients, and pharmaceutical-grade raw and auxiliary materials, which are primarily sourced from suppliers in the PRC. We adopt stringent supplier selection procedures tailored to each procurement category. For GMP-regulated suppliers, we require valid production licenses, quality management system certifications, and CDE registration status, with preference given to suppliers holding a Category “A” CDE registration status. For R&D material suppliers, we require product inspection reports (such as valid inspection reports) demonstrating compliance with our quality requirements. Our suppliers are required to possess all licenses necessary for their operations.

Our principal raw materials are generally readily available in the market through a number of suppliers. Our principal raw materials typically have two to three qualified suppliers, and for certain commodity materials, the number of qualified suppliers may be higher. For one of our key culture media products, we currently source from a limited number of international suppliers; however, we have completed process validation studies for alternative suppliers and intend to maintain at least three qualified supplier options upon NDA/BLA approval. Moreover, we generally maintain approximately three months of inventory for our principal raw materials. We believe we have alternative sources for our principal raw materials with comparable quality and pricing.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage or delay in the supply of raw materials, and we did not experience any significant increases in the prices of our major raw materials or fluctuations in raw material costs which had a material adverse impact on our results of operations or gross profit margins. Our procurement costs have remained broadly stable during the Track Record Period, with a moderate declining trend attributable to the progressive substitution of certain imported materials with domestically-sourced alternatives and the introduction of additional competing suppliers. See “Risk Factors — Risks Relating to Our Reliance on Third Parties — We rely on a stable supply of high-quality culture media and specialized raw materials for LBPs, as well as the availability of combination therapy drugs, and any interruptions of such supply could have an adverse impact on our business.”

OUR CUSTOMERS

In 2024 and 2025, our revenue was generated from various customers across our research and development service (including CRO/CDMO services) business and our NGP raw material business. For our research and development services, payment terms are generally linked to project milestones, with settlement typically completed within approximately 15 working days following confirmation of each milestone. For our sales of NGP raw material AKK AM06™, we generally adopt a payment-before-delivery policy.

During the Track Record Period, revenue generated from our five largest customers amounted to RMB0.7 million and RMB2.1 million in 2024 and 2025, accounting for 94.9% and 88.0% of our total revenue for the same years, respectively. Revenue from our single largest customer amounted to RMB0.3 million and RMB0.6 million in 2024 and 2025, accounting for 45.8% and 25.4% of our revenue for the same years, respectively. We believe that we maintain strong and stable relationships with our major customers.

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

Customers	Background	Services/products purchased	Year of commencement of business relationship with us	Credit term/Payment method	Revenue contribution (RMB'000)	Percentage of total revenue (%)
<i>For the Year Ended December 31, 2024</i>						
Customer A	A company primarily engaged in providing full-service health product supply chain solutions.	AKK AM06™ raw material	2024	Payment before delivery/Bank transfer	330	45.8
Customer B	A company primarily engaged in pharmaceutical R&D, manufacturing, and sales.	CRO service	2024	Payment in three installments: 60% prepayment; 1/3 upon receipt of testing report; rest upon receipt of inspection report/Bank transfer	264	36.6

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Customers	Background	Services/products purchased	Year of commencement of business relationship with us	Credit term/Payment method	Revenue contribution (RMB'000)	Percentage of total revenue (%)
Customer C	A company primarily engaged in providing third-party testing and scientific research analysis services.	CRO service	2024	50% prepayment within 15 business days of contract signing; balance within 15 business days of delivery/Bank transfer	38	5.2
Customer D	A comprehensive research university.	CRO service	2023	Payment in two installments: initial payment upon completion of 1L-scale parameters; balance upon acceptance of second batch/Bank transfer	28	3.9
Customer E	A Grade-A tertiary general hospital.	CRO service	2023	Full payment within 10 business days of contract signing/Bank transfer	25	3.4
Total For the Year Ended December 31, 2025					685	94.9
Customer F	A company primarily engaged in microbiome drug research and development in the biopharmaceutical field.	CRO service	2024	50% prepayment upon contract signing; balance in two installments, each within 15 business days of delivery of the respective reports/Bank transfer	611	25.4
Customer A ^(Note 1)	A company primarily engaged in raw material supply, formulation services and ODM/OEM production of health and functional food products; and its subsidiary is primarily engaged in the R&D and technical services of TCM extracts, cosmetic raw materials and natural active ingredients.	AKK AM06™ raw material; CRO service	2024	Payment before delivery; 30% prepayment upon contract signing; 40% within 2 weeks of preliminary screening results; 30% within 30 days of final report/Bank transfer	594	24.7

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Customers	Background	Services/products purchased	Year of commencement of business relationship with us	Credit term/Payment method	Revenue contribution (RMB'000)	Percentage of total revenue (%)
Customer B	A company primarily engaged in pharmaceutical R&D, manufacturing, and sales.	CRO service	2024	Payment in three installments: 60% prepayment; 1/3 upon receipt of testing report; rest upon receipt of inspection report/Bank transfer	500	20.8
Customer G	A biotechnology company primarily focused on the field of individual microbiome.	CRO service	2025	52.1% prepayment within 5 business days of contract signing, balance within 5 business days of delivery; or full payment within 5 business days of delivery (depending on the contract)/Bank transfer	306	12.7
Customer H	A company primarily engaged in the manufacturing of health food (tablets, capsules, etc.) and food products (beverages, herbal tea substitutes, etc.)	AKK AM06™ raw material	2025	Payment before delivery/Bank transfer	106	4.4
Total					2,117	88.0

Note:

- 1 Including transactions with Customer A of RMB0.4 million and its domestic subsidiary of RMB0.2 million, which are deemed as one customer.

To the best of our knowledge, the top five largest customers in each year during the Track Record Period are Independent Third Parties. Save for Customer G, none of our Directors, their close associates, or any Shareholder who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as of the Latest Practicable Date had any interest in any of our five largest customers for each year during the Track Record Period.

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Historical Collaborative Development Arrangement

Background of the Collaboration

In May 2022, we entered into a new drug variety co-development agreement (the “**Collaboration Agreement**”) with an Independent Third Party (the “**Collaboration Partner**”) in respect of the research and development of an early-stage LBP candidate. The collaboration commenced in May 2022, prior to the Track Record Period, and was structured in two phases: (i) completing pre-clinical work to support IND approval and entry into clinical trials; and (ii) advancing the first indication of the candidate to marketing approval in the PRC.

Key Rights and Obligations of the Parties

Under the Collaboration Agreement, the parties agreed on the allocation of development responsibilities and interests in the candidate, principally including:

Lead Party for Development and Registration: The Collaboration Partner was responsible for the overall development, registration and clinical strategy of the candidate (including drug efficacy and toxicology studies, clinical protocol design, and the preparation and submission of registration dossiers, other than the parts undertaken by us), and held the clinical trial application rights, the new drug certificate and the marketing approval.

Our Responsibilities: We were responsible for pre-clinical strain safety evaluation, distribution and colonization studies, the full course of CMC research and the manufacture of drug substance for Phase I clinical trials, and were designated as the manufacturer for clinical supply and, upon NDA/BLA, for commercial manufacturing.

Allocation of Interests: We were entitled to a minority economic interest in the first indication of the candidate, with the majority interest held by the Collaboration Partner; any future commercialization income, or proceeds from the licensing or transfer of the candidate to third parties, was to be shared between the parties in the same agreed proportions, the majority to the Collaboration Partner and the balance to us. Each party bore its own research and development costs for the work allocated to it.

Intellectual Property: Intellectual property generated jointly during the collaboration could be jointly applied for as patents upon mutual agreement; inventions arising from our proprietary technology (including CMC, quality research and formulation processes) belonged to us, with the Collaboration Partner granted a right of use. Neither party was permitted to dispose of the technology, data or results of the candidate to any third party without the other party’s consent.

Termination: Neither party could unilaterally terminate the collaboration; the agreement could be terminated by mutual agreement only where the candidate suffered a material setback (for example, clinical results demonstrating an insurmountable obstacle, or regulatory or market changes rendering the candidate unviable).

Dispute Resolution: Disputes arising from the agreement were to be resolved through friendly negotiation, failing which through litigation before the competent court at the plaintiff’s domicile. The agreement was governed by PRC law.

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Transfer of Our Interests

In January 2026, we and the Collaboration Partner entered into a supplementary agreement to the Collaboration Agreement, under which we transferred to the Collaboration Partner all of our rights and interests in the candidate (including all related intellectual property, know-how, data and results), in consideration of a cash amount payable by the Collaboration Partner to us in instalments, failing which the arrangement may not proceed. Following the transfer, and subject to performance of the supplementary agreement, we ceased to hold any interest in, or to bear any further obligation in respect of, the candidate, and would no longer be entitled to the economic interest described above. Subject to the foregoing, the candidate has since been advanced independently by the Collaboration Partner, and we do not currently participate in its subsequent development.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, one of our five largest customers in 2024 also served as a clinical trial center for certain of our LBP drug candidates and is therefore also one of our suppliers (“**Overlapping Customer and Supplier**”). Such overlap is attributable to the nature of our clinical development operations, whereby certain hospital partners that engage us for CRO service also serve as clinical trial centers for our LBP drug candidates in their capacity as a supplier of clinical trial services. Such commercial relationship as a customer and clinical trial activities as a supplier involved different departments and personnel within the hospital respectively.

Our revenue generated from such Overlapping Customer and Supplier amounted to RMB24,717.0 and RMB17,358.5 in 2024 and 2025, respectively, representing 3.4% and 0.7% of our total revenue in the respective years. Our purchases from such Overlapping Customer and Supplier amounted to RMB0.3 million and RMB0.3 million in 2024 and 2025, respectively, representing 0.6% and 0.9% of our total purchases in the respective years. The gross profit attributable to our transactions with such Overlapping Customer and Supplier in 2024 amounted to RMB8,141.7, representing a gross profit margin of 33.0%. In 2025, we recorded a gross loss of RMB41,003.3 attributable to our transactions with such Overlapping Customer and Supplier, representing a gross loss margin of 236.2%. The gross loss recorded in 2025 was primarily attributable to a shift in our revenue mix in 2025, with CRO services accounting for an increasing proportion of our revenue. As we were in the early stage of business development, we strategically accepted orders with relatively small individual sizes and lower gross profit margins in order to develop customers and expand our market reach, and had not yet achieved economies of scale.

All of our purchases from and sales to such customer-supplier were conducted in the ordinary course of business and on an arm’s length basis, and were neither inter-connected nor inter-conditional. We have maintained good and long business relationship with our Overlapping Customers and Suppliers and did not have any disputes with them during the Track Record Period. Save for the foregoing, to the best of our knowledge, none of our five largest customers in each year during the Track Record Period is also a supplier to us.

INTELLECTUAL PROPERTY (“IP”)

Intellectual property, including patents, trade secrets and trademarks, is critical to our business. Our success depends in part on our ability to obtain and maintain intellectual property protection for our drug candidates, novel discoveries, product development technologies, inventions and know-how. Our success also depends in part on our ability to defend and enforce our patents including patents that we have or may issue from our patent applications, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and other proprietary rights of other parties.

We have adopted a strategy to develop a global portfolio of patents to protect our drug candidates and know-how. As of the Latest Practicable Date, we owned 63 issued patents and 33 pending patent applications, including 28 patent applications in China, two patent applications in the U.S., and three

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patent applications in other jurisdictions, relating to certain of our drug candidates and product development technologies. Further, we had 157 registered trademarks in the PRC and we are also the registered owner of two domain names as of the Latest Practicable Date.

As of the Latest Practicable Date, (i) for our Core Product SK08 and its related technologies, we had 14 material patents granted in the PRC, 11 material patent applications in the PRC, two material patent applications in the U.S., and three material patent applications in other jurisdictions; (ii) for our key product SK10 and its related technologies, we had nine material patents granted in the PRC, 14 material patent applications in the PRC, two material patent applications in the U.S., and three material patent applications in other jurisdictions. All material patents in relation to our Core Product and key product are owned by our Group. For more details in relation to granted patents and patent applications material to our business operations, see “Appendix IV — Statutory and General Information” in this Document. The following table summarizes the details of all our material patents and patent applications in connection with our Core Product and key product as of the Latest Practicable Date:

Product	Patent/ Application Number	Patent Type	Patent Protection Scope	Patentee	Jurisdiction	Filing/ Registration Date	Patent Status	Patent Expiration
SK08, SK10	ZL 201510459407.5	Invention	Use of <i>Bacteroides fragilis</i> in animal breeding (脆弱擬桿菌在動物養殖中的應用)	the Company	PRC	November 2020	Granted	July 2035
SK08	ZL 201510728725.7	Invention	Use of a strain of <i>Bacteroides fragilis</i> in preventing and/or treating inflammatory bowel disease (一種脆弱擬桿菌在預防和/或治療炎症性腸病中的應用)	the Company	PRC	February 2019	Granted	October 2035
SK08, SK10	ZL 202110977532.0	Invention	Use of <i>Bacteroides fragilis</i> and its extract in preparing medicine for preventing and treating irritable bowel syndrome (脆弱擬桿菌及其提取物在製備防治腸易激綜合徵的藥物中的應用)	the Company	PRC	October 2022	Granted	September 2037
SK08, SK10	ZL 202210968927.9	Invention	Use of <i>Bacteroides fragilis</i> in preparing medicine for preventing and treating irritable bowel syndrome (脆弱擬桿菌在製備防治腸易激綜合徵的藥物中的應用)	the Company	PRC	September 2025	Granted	September 2037
SK08	ZL 202110728771.2	Invention	Culture medium, preparation method thereof and method for culturing <i>Bacteroides fragilis</i> using same (培養基及其製備方法、用其培養脆弱擬桿菌的方法)	the Company	PRC	March 2023	Granted	June 2041

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Product	Patent/ Application Number	Patent Type	Patent Protection Scope	Patentee	Jurisdiction	Filing/ Registration Date	Patent Status	Patent Expiration
SK10	2021111889739	Invention	An inactivated Bacteroides fragilis powder and preparation method thereof (一種脆弱擬桿菌滅活菌粉及其製備方法)	the Company	PRC	October 2021	Pending	N/A
SK08, SK10 .	202111188989X	Invention	Use of Bacteroides fragilis in preventing and treating cancer-related diarrhea (脆弱擬桿菌在防治癌症相關腹瀉中的應用)	the Company	PRC	October 2021	Pending	N/A
SK08, SK10 .	2024103528427	Invention	Use of Bacteroides fragilis in preparing medicine for treating oral mucosal diseases (脆弱擬桿菌在製備治療口腔黏膜病的藥物中的應用)	the Company	PRC	June 2022	Pending	N/A
SK08, SK10 .	202211339890X	Invention	Use of Bacteroides fragilis in improving and treating diarrhea (脆弱擬桿菌在改善和治療腹瀉中的應用)	the Company	PRC	October 2022	Allowed	N/A
SK08, SK10 .	US18/700,420	Invention	Use of Bacteroides fragilis in prevention and treatment of cancer-related diarrhea (脆弱擬桿菌在防治癌症相關腹瀉中的應用)	the Company	U.S.	September 2022	Pending	N/A
SK08, SK10 .	EP22880094.2	Invention	Use of Bacteroides fragilis in prevention and treatment of cancer-related diarrhea (脆弱擬桿菌在防治癌症相關腹瀉中的應用)	the Company	Europe	September 2022	Pending	N/A
SK08, SK10 .	US18/833,059	Invention	Use of Bacteroides fragilis in improvement and treatment of diarrhea (脆弱擬桿菌在改善和治療腹瀉中的應用)	the Company	U.S.	December 2022	Pending	N/A
SK08, SK10 .	EP22923662.5	Invention	Use of Bacteroides fragilis in improvement and treatment of diarrhea (脆弱擬桿菌在改善和治療腹瀉中的應用)	the Company	Europe	December 2022	Pending	N/A
SK08, SK10 .	AU2022436554	Invention	Use of Bacteroides fragilis in improvement and treatment of diarrhea (脆弱擬桿菌在改善和治療腹瀉中的應用)	the Company	Australia	December 2022	Pending	N/A

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During the establishment and incubation stage of our Company, certain early-stage patent applications in relation to our technologies were initially filed under the name of Guangdong Zhiguang, one of our founding shareholders. All such intellectual property rights previously held by Guangdong Zhiguang were subsequently transferred to us, and Guangdong Zhiguang did not retain any commercialization rights, license rights, royalty-sharing rights or other rights that would restrict the development or commercialization of our Core Product or other product candidates. See “— Research and Development — Early Support from Guangdong Zhiguang.” The intellectual property rights transferred from Guangdong Zhiguang related to early-stage research results. By contrast, all material patents and patent applications set forth in the table above were independently applied for by us.

Our IP Counsel has conducted freedom to operate analysis (“**FTO Analysis**”) in Chinese Mainland and the U.S. in relation to our Core Product and key product. No material infringement risk against valid and enforceable patents of any third party issued in Chinese Mainland and the U.S. had been identified from the FTO Analysis in relation to the bacteria used in, or indications currently under clinical stage of, our Core Product and key product. However, we cannot provide any assurance that all relevant third party patents were identified or that conflicting patents will not be issued in the future.

The actual protection afforded by a patent varies on a claim-by-claim and jurisdiction-by-jurisdiction basis and depends on various factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular jurisdiction, and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our issued patents or any such patents that may be issued in the future will be commercially useful in protecting our drug candidates and methods of manufacturing the same. For a detailed description of risks related to our intellectual property, see “Risk Factors — Risks Relating to Our Intellectual Property Rights.”

Intellectual Property Protection Measures

In addition to patent protection, we maintain the confidentiality and proprietary nature of our intellectual property through a combination of contractual, technical and administrative measures, including:

Confidentiality and Intellectual Property Agreements: we enter into confidentiality and intellectual property agreements (the “**IP Agreement**”) with all employees upon joining. Under the IP Agreement, all inventions, technical achievements, and related rights created or developed by employees in the course of their employment with us are assigned unconditionally to us or any entity designated by us. Employees are also required to cooperate with us in completing all formalities necessary for the protection of the relevant intellectual property rights. Prior to onboarding, we also conduct reviews of new employees’ prior employment history to identify any potential conflicts with our intellectual property;

Employee IP Incentive Policies: we have established policies under which inventors are entitled to receive awards calculated by reference to their contribution to each patent filed and granted, settled on a semi-annual or annual basis;

Data Security Controls: we have implemented an internal document management and access control system under which all outbound documents require approval prior to transmission, and our server infrastructure is subject to strict permission controls limiting access to core technical data; and

Non-competition Arrangements: we have entered into non-competition agreements with our senior management and key R&D personnel to prevent the misappropriation of trade secrets and commercially sensitive information.

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Intellectual Property Disputes

During the Track Record Period and up to the Latest Practicable Date, (i) we were not involved in any legal, arbitral or administrative proceedings in respect of, and we had not received notice of any material claims of infringement, misappropriation or other violations of third-party intellectual property; and (ii) we were not involved in any proceedings in respect of any intellectual property rights that may be threatened or pending and that may have an influence on the R&D for any of our drug candidates in which we may be a claimant or a respondent.

All annual maintenance fees in respect of our intellectual property have been paid on a timely basis. None of our intellectual property rights is subject to any mortgage, pledge, lien, seizure, freeze or attachment.

COMPETITION

The pharmaceutical and biotechnology industries are characterized by rapidly advancing technologies, competition and a strong emphasis on proprietary drugs. While we believe our pipeline of clinical and preclinical stage proprietary assets, established R&D capability and experienced management team provide us with competitive advantages, we face potential competition from various sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, and public and private research institutions.

We focus on leveraging our industry experience and established R&D capabilities for the in-house discovery and development of differentiated therapeutics in the fields of oncology, gastroenterology, infectious diseases and immunology across our LBP drug pipeline. According to Frost & Sullivan, we are the only company globally to advance a *Bacteroides fragilis*-based LBP product into clinical trials, as of the Latest Practicable Date. Moreover, our Core Product is the first LBP to obtain registrational clinical trial approvals from both the NMPA and the U.S. FDA. As of the Latest Practicable Date, our Core Product is also the only biological drug candidate for IBS-D in late-stage clinical development globally. According to Frost & Sullivan, SK10, our key product, is the first inactivated LBP in the PRC to obtain IND approval from the U.S. FDA. For our NGP raw material business, we focus on next-generation strains such as AKK AM06™, targeting a market segment distinct from conventional probiotic raw material manufacturers. According to Frost & Sullivan, our AKK AM06™ is the first and one of only two breast milk-derived AKK strains on the market to have obtained recognition from the FDA.

We expect the competition will intensify in the future as additional players enter into these segments. Any drug candidates that we successfully develop and commercialize will compete with existing drugs or any new drugs that may become available in the future. For more information on the competitive landscape of our drug candidates, see “— Our Product Pipelines (Pharmaceutical Pipelines)” and “— Our Probiotic Raw Materials Products (Non-Pharmaceutical Pipelines)” in this section and “Industry Overview” in this Document.

DATA SECURITY AND PRIVACY

In our pharmaceutical research, preclinical research, drug registration filings, and drug manufacturing activities, we do not collect or process personal information. As the clinical trial sponsor, we collect and process personal information of subjects during clinical research activities; the personal information collected is limited to what is necessary for the clinical trials, and its use is restricted to the clinical trials. In addition, during the course of our clinical trials, we access and store personal information of personnel of cooperative institutions (such as clinical trial institutions, CROs and SMOs) for the purpose of verifying their identities and qualifications.

We have established strict personal information protection policies and adopted various measures to ensure that the collection, use, storage, and processing of personal information comply with the applicable laws and regulations. In our clinical trials, the collection of personal information of subjects is primarily performed by the clinical trial institutions. The basic personal profile and personal identity information of

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subjects collected and processed by us as the clinical trial sponsor is de-identified; such personal information is provided to us by the clinical trial institutions in the form of subject identification codes. The correspondence tables between the subject identification codes and the subjects’ actual identities are held by the clinical trial institutions and are not held or replicated by us. We have established a minimum-authorization control strategy in accordance with the clinical data management workflows and require all internal employees, as well as clinical trial institutions, CROs, SMOs and other third parties involved in our clinical trials, to adhere to strict confidentiality obligations.

We do not transfer or store personal information of subjects collected and generated in our domestic operations outside the PRC, nor have we granted any channel or authorization to any institution, organization, or individual outside the PRC to access or retrieve such personal information.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalty, investigation, inquiry or warning from any cyberspace, telecommunications, public security or other governmental authorities in respect of cybersecurity, data security or personal information protection, nor had we experienced any data leakage or other cybersecurity, data security or personal information protection related incidents.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business to safeguard against risks and unexpected events. Our principal insurance policies cover adverse events in clinical trials. We also maintain social insurance for our employees in accordance with relevant PRC laws and regulations, and purchase additional commercial accident insurance for our employees. However, we did not purchase property insurance against property loss and we did not maintain insurance for environmental liability. See “Risk Factors — Risks Relating to Our Business Operations — We have limited insurance coverage, and any claims beyond our coverage may result in substantial costs and a diversion of resources” in this Document.

We consider that the coverage from the insurance policies maintained by us is adequate to cover our key assets, facilities, and liabilities and in line with the industry practice in the PRC. During the Track Record Period, we had not made or been the subject of any material insurance claims.

EMPLOYEES

As of the Latest Practicable Date, we had 83 employees and all of them were in the PRC. The following table sets forth the number of our employees categorized by functions as of the Latest Practicable Date:

Function	Number of employees	As a percentage of our total number of employees (%)
R&D	58	69.9
Manufacturing	8	9.6
Finance and Legal	6	7.2
Human Resources, Administration and Others	11	13.3
Total	83	100.0

Employment Agreements and Recruitment

We enter into individual employment agreements with our employees covering salaries, bonuses, employee benefits, workplace safety, and grounds for termination. We also enter into separate confidentiality agreements with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information of our business.

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We recruit and retain highly engaged, motivated team players who align with our commitment and are eager to contribute to our development leveraging their extensive experience. The success of our endeavors relies significantly on the efforts and expertise of all employees, who form an integral part of our business. We adopt high standards and strict procedures in our recruitment to ensure the quality of new hiring and use various methods for our recruitment, including internal recommendation, social recruitment and recruiting through headhunters, to satisfy our demands for different types of talent.

Employee Training

To maintain our workforce’s quality, knowledge, and skill levels, we also provide trainings based on the needs of our employees across different teams. Our training framework consists of both onboarding training for new hires and ongoing role-specific trainings for existing employees. New hires complete an onboarding orientation covering our Company’s policies, safety protocols, and our quality management system. Following onboarding, employees receive team-specific trainings tailored to their roles, covering areas such as laboratory techniques, manufacturing procedures, quality control protocols, and project execution. Training sessions are regularly organized and conducted by senior internal staff or, where appropriate, third-party consultants.

In addition, we facilitate external training opportunities for our employees, including attendance at industry conferences, academic seminars, and technical workshops. These external engagements allow our employees to stay abreast of the latest scientific advancements, regulatory changes, and industry best practices.

Employee Benefits

We are dedicated to ensuring that working conditions across our business network are safe and that employees are treated with care and respect. We believe in providing our employees with competitive compensation packages, reflecting our stakeholder-centric ethos, which we believe fosters sustainable and enduring growth. In accordance with the PRC regulations, we participate in various government-mandated employee benefit plans, including social insurance such as pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing funds. Under PRC law, we are obliged to make contributions to these employee benefit plans at specified percentages of salaries, bonuses, and certain allowances, up to maximum amounts specified by local government regulations.

We strive to create an equitable, inclusive, and diverse workplace while fostering positive working relationships with our employees. As of the Latest Practicable Date, we have not encountered any major labor disputes that led to disruptions in our operations.

PROPERTIES

To support our business operations, including R&D, manufacturing, and administration, we leased properties in four cities across Chinese Mainland, including Guangzhou, Qingyuan, Shanghai, and Shijiazhuang. Our principal executive office is located in Guangzhou, Guangdong Province. We currently do not own any land use rights or properties. As of the Latest Practicable Date, we are leasing seven properties with an aggregate GFA of approximately 7,632.9 sq.m., which are primarily used for office, R&D, and manufacturing purposes. As of the Latest Practicable Date, three of our leased properties had not been registered with the relevant PRC authorities. As advised by our PRC Legal Advisor, such non-registration will not affect the validity of the lease agreement, but the relevant local housing administrative authorities may require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000. Our Directors believe that such registration defect does not and will not materially impact our ability to use the properties, as the leases remain valid, and sufficient alternative premises are available in the market should relocation become necessary. We will continue to liaise with the respective lessors to complete the registrations where feasible.

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In the event that any of our leases expire after the end of their respective lease term, we would need to seek alternative premises and incur relocation costs. We believe that there are alternative properties at comparable rental rates available on the market, the use of which would not materially and adversely affect our business operations, and we thus do not rely on the existing leases for our business operations.

As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

AWARDS AND RECOGNITION

The table below sets forth the major awards and recognition we received as of December 31, 2025:

Year of Grant	Project/Entity	Award/Recognition	Issuing Authority
2025	Zhiyi Biotech	14th China Innovation and Entrepreneurship Competition (Guangdong • Guangzhou Division) and 2025 Guangzhou Technology Innovation and Entrepreneurship Competition Industry Track — Growth Group First Prize (第十四屆中國創新創業大賽(廣東 • 廣州賽區)暨2025年廣州科技創新創業大賽行業賽-成長組一等獎)	Guangzhou Municipal Bureau of Science and Technology (廣州市科學技術局)
2025	Zhiyi Biotech	Innovative Enterprise of the Year for Investment Value (2025) (投資價值年度創新企業(2025))	BioCon China Expo Organizing Committee (BioCon China Expo組委會)
2024	Zhiyi Biotech	“Specialized, Sophisticated, Distinctive and Innovative” Small and Medium-Sized Enterprise (“專精特新”中小企業)	Guangdong Provincial Department of Industry and Information Technology (廣東省工業和信息化廳)
2024	Zhiyi Biotech	Outstanding Synthetic Biology Enterprise (2024) (合成生物學傑出企業 (2024))	Synbio China Organizing Committee (Synbio China組委會)
2023	Zhiyi Biotech	First Guangdong Provincial Outstanding Pharmaceutical Achievement (廣東省首屆優秀醫藥成果)	Guangdong Medical Association (廣東省醫學會)

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) MATTERS

ESG Governance

We seek to conduct our business in a responsible and sustainable manner and to maintain transparency and accountability to our stakeholders, including employees. Given the nature of our operations, our key environmental aspects are primarily associated with office and laboratory activities. We seek to comply with applicable PRC environmental laws and regulations, including requirements relating to hazardous waste and wastewater generated from laboratory operations. We monitor relevant regulatory developments and, where appropriate, maintain communication with relevant regulators to support compliance. To support our long-term sustainability strategy, we have established ESG-related policies and periodically review our ESG management framework with a view to aligning it with evolving regulatory expectations and industry practices.

We have established an Environmental, Social and Governance Working Group (the “**ESG Working Group**”), comprising management representatives and led by the Board of Directors, to coordinate our ESG-related matters. The ESG Working Group assists in identifying, analyzing, monitoring and reporting ESG-related risks. It also assists in formulating and reviewing policies, targets and key performance indicators (“**KPIs**”), and corresponding action plans having regard to our operational circumstances. The ESG Working Group reports to the Board on our ESG performance at least annually.

We have established environmental management policies and procedures, including, among others, the Environmental Protection Management Procedures (《環境保護管理規程》), the Hazardous Waste Standardized Environmental Management Policy (《危險廢物規範化環境管理制度》) and the Hazardous Waste-related Environmental Emergency Contingency Plan (《危險廢物相關單位環境應急預案》). These documents set out general requirements and responsibilities for environmental management, including hazardous waste handling and emergency response arrangements, as applicable.

Identification and Assessment of Potential ESG-related Risks

In identifying, assessing and prioritizing material ESG topics and related potential risks, we take into account our business strategy, national policies, industry characteristics and stakeholder expectations. Based on stakeholder engagement and our review of the relevant industry practices, we have identified ESG issues that are most relevant to our operations. The table below sets out the material ESG-related issues identified, their potential risks and impacts and the corresponding strategies:

Material ESG-related Issues	Potential Risks and Impacts	Our Strategies
Greenhouse Gas (“GHG”) Emissions . . .	GHG emissions may arise from our operations, which may give rise to climate-related risks.	We monitor our emissions profile and implements measures to manage and control emissions.
Resource Management . .	Ineffective resource management may lead to higher energy and/or water consumption and increased operating costs.	We implement resource management measures and promotes conservation practices.
Climate Change	Physical and transition risks associated with climate change may disrupt operations and/or increase compliance and operating costs.	We monitor ESG-related regulatory requirements and evaluates response measures where appropriate.

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Material ESG-related Issues	Potential Risks and Impacts	Our Strategies
Employee Management . .	Non-compliance with labor-related laws may result in regulatory action, disputes and costs. Insufficient training and development may increase turnover and reduce capability.	We maintain policies and procedures to support compliance and provide benefits and development opportunities.
Product Safety and Quality	Given the nature of our business, product safety and quality are key considerations for us. Any deficiencies in product safety or quality may result in regulatory actions and additional compliance or rectification costs, and may also lead to product-related claims, operational disruption (including delays or suspension of certain activities) and reputational impact.	We have established quality management arrangements and procedures to identify and manage product quality-related risks across relevant activities. In this regard, we have obtained a compliance audit certificate of Good Manufacturing Practices for Drug in respect of pharmaceutical products for clinical trials (trial), with the audit scope covering specified biological product(s).
Business Ethics	Lapses in ethical conduct may result in regulatory penalties, financial losses, reputational damage and stakeholder disengagement.	We require integrity and compliance in operations and maintains governance and compliance controls.

Climate-related Risks

We monitor potential climate change impacts on our operations. In terms of physical risk, extreme weather events (such as heavy rainfall and flooding) may disrupt operations. In such circumstances, we may implement contingency arrangements and take actions in response to relevant government notices to support employee safety. In terms of transition risk, regulatory changes (including carbon emissions requirements and ESG disclosure requirements) may increase compliance costs. We will continue to monitor evolving ESG standards, regulatory developments and industry trends and assess response measures in light of our operations.

Environmental Protection

We strictly comply with the applicable PRC environment-related laws and regulations by assessing and managing environmental impacts arising from our business activities. We have implemented environmental policies and procedures and adopted measures in our daily operations to support environmental management and compliance. In particular, we have established the environmental protection management procedure, which covers the management of “three wastes” (waste gas, wastewater and solid waste), including assigning relevant responsibilities, integrating environmental protection requirements into day-to-day operations, and maintaining relevant records.

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Under Environmental Protection Management Procedures (《環境保護管理規程》), we carry out environmental monitoring activities having regard to our discharge profile and address any exceedance identified, as applicable. The procedure also requires that hazardous waste disposal be entrusted to qualified service providers.

Metrics and Targets

GHG Emissions

We measure GHG emissions arising from our daily operations where applicable. As we do not operate company-owned vehicles or canteen facilities, we do not generate direct Scope 1 greenhouse gas emissions. Scope 2 emissions are indirect emissions arising from the consumption of purchased electricity, which constitute the primary source of our operational emissions. The following table presents our emissions during the Track Record Period:

GHG Emissions ¹ Key Performance Indicator	Unit	For the Years Ended December 31,	
		2024	2025
Energy indirect (Scope 2) GHG emissions	tCO ₂ e	1,861.27	1,858.79
Total GHG emissions	tCO ₂ e	1,861.27	1,858.79

Note:

1. GHG emission data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to (i) “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; (ii) “How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange; (iii) the relevant PRC electricity carbon footprint factor; and (iv) the “Global Warming Potential Values” from the IPCC Sixth Assessment Report.

Waste Management

We engage qualified and licensed waste collectors to handle hazardous waste generated from laboratory operations in accordance with the applicable requirements, including, where applicable, hazardous laboratory waste liquids (including spent solutions) and hazardous laboratory solid waste.

Due to the nature of our operations, we may involve the use of chemical materials and hazardous waste may be produced. Hazardous waste generated is handed over to qualified third parties in accordance with applicable requirements for disposal. General waste is placed at designated locations to be handled by municipal authorities. We maintain procedures addressing hazardous waste handling requirements in different operational environments, including but not limited to the Hazardous Waste Standardized Environmental Management Policy (《危險廢物規範化環境管理制度》) and the Hazardous Waste-related Environmental Emergency Contingency Plan (《危險廢物相關單位環境應急預案》). We maintain records of hazardous waste generated, with a view to managing potential environmental impacts arising from our operations.

Waste Key Performance Indicator	Unit	For the Years Ended December 31,	
		2024	2025
Hazardous waste	kg	1,057.0	1,105.0

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Resource Management

We monitor resource consumption such as electricity and have implemented measures to enhance resource efficiency. For example, we prioritize energy-saving lighting equipment in offices and common areas and require employees to switch off idle lighting systems and electronic appliances where practicable.

Use of Resources Key Performance Indicator	Unit	For the Years Ended December 31,	
		2024	2025
Indirect energy consumption – Purchased			
electricity	MWh	2,999.6	2,995.6
Total energy consumption	MWh	2,999.6	2,995.6

Environmental Targets

We have set various goals to reduce environmental impact and continue to take steps towards achieving them:

GHG Emissions. We aim to reduce our GHG emissions and support national “carbon peaking and carbon neutrality” goals. This may be achieved through the adoption of energy-efficient equipment where feasible.

Energy Consumption. We monitor our electricity consumption patterns. Looking ahead, we aim to further promote energy-saving practices in the workplace and increase the share of low-carbon energy usage in daily operations where suitable.

Hazardous Waste Management. For hazardous waste generated from operations, we engage certified third-party service providers to support compliant disposal. Looking ahead, we aim to continue reviewing and optimizing processes to avoid unnecessary hazardous waste generation where practicable.

Social Matters

Employment

We operate in compliance with the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the Provisions on Prohibition of Using Child Labor (《禁止使用童工規定》) and other relevant laws and regulations. We have developed and implemented internal employment policies and procedures such as the Recruitment Management Policy (《招聘管理制度》), the Remuneration and Compensation Policy (《薪酬福利管理制度》) and the staff handbook. These documents set out our employment management framework, covering areas including recruitment and onboarding, employment administration, employee conduct and disciplinary measures, working hours, compensation and benefits, performance evaluation, leave entitlements, and resignation and termination processes. We strive to provide equal opportunities in recruitment, promotion, remuneration and career advancement. In addition, we provide training and development initiatives to support employee capability and operational needs.

Occupational Health and Safety

We have established and implemented occupational health and safety policies and procedures, including the Production Safety Operation Management Standards (《生產安全操作管理規程》), Laboratory safety management (《實驗室的安全管理》) and relevant emergency plans. Our occupational health and safety management arrangements are established in line with the applicable legal requirements. Where necessary, we provide appropriate safety equipment and conduct safety education, training and drills to support a safe working environment for employees.

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Product Quality and Safety

Given the nature of our operations, product safety and quality are important to our business and compliance profile. We maintain quality management arrangements and procedures designed to identify and manage product quality-related risks across relevant activities. In this regard, we have obtained a GMP compliance audit certificate in respect of pharmaceutical products for clinical trials (trial), with the audit scope covering specified biological product(s).

Business Ethics

We operate with a commitment to integrity and compliance in business dealings. We have established confidentiality and information management arrangements and expects employees to comply with confidentiality obligations. Internal policies and measures regarding anti-corruption and anti-bribery have also been implemented to prevent corrupt practices and support our commitment to ethical conduct.

PERMITS, LICENSES AND APPROVALS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. For more details regarding the laws and regulations to which we are subject, see “Regulatory Overview.” We had not experienced any material difficulty in renewing such licenses, permits, approvals 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. During the Track Record Period and up to the Latest Practicable Date, no material unexpected or adverse changes that could adversely affect the maintenance and renewal of our material licenses, permits, approvals and certificates had occurred since the dates of issue of the relevant regulatory approvals for our business operation.

Set forth below are the details of selected material licenses and permits held by us as of the Latest Practicable Date:

<u>License/Permit</u>	<u>Holder</u>	<u>Issuing Authority</u>	<u>Date of Grant</u>	<u>Expiry Date</u>
Customs Registration of Consignors and Consignees of Import and Export Goods	Zhiyi Biotech	Suidong Customs of the PRC	April 7, 2023	N/A ¹
Customs Registration of Consignors and Consignees of Import and Export Goods	Guangzhou Puwei Junjian	Suidong Customs of the PRC	December 30, 2024	N/A ¹

Note:

1. “N/A” means that the relevant license, permit or certification does not have an expiration date (i.e. valid indefinitely as long as business activities are continued).

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As of the Latest Practicable Date, our Core Product SK08 and key product SK10 have received notice for approval of clinical trials (臨床試驗通知書) issued by the NMPA. The following table sets forth details of the clinical trial approvals obtained by us as of the Latest Practicable Date:

Approval Authority	Acceptance Number	Product Name	Licensed Content	Approval Date
NMPA	CXSL1800114	Live SK08 Powder	Approved to conduct Phase I, IIa, II and III clinical trials for IBS and UC	November 19, 2019
NMPA	CXSB2000056	Live SK08 Powder	Approved to conduct clinical trials using samples manufactured with the newly-established seed bank, production raw materials and manufacturing process	November 27, 2020
NMPA	CXSL2200001	Live SK08 Powder	Approved to conduct Phase Ib/II clinical trial in combination with immune checkpoint inhibitors for the treatment of advanced solid tumors	March 10, 2022
U.S. FDA	IND 028841	SK10 Powder	Approved to conduct clinical trials for CID	October 17, 2022
NMPA	CXSB2300085	Live SK08 Powder	Approved to conduct further clinical trials for Live SK08 Powder	October 31, 2023
NMPA	CXSL2400440	Live SK08 Powder	Approved to conduct Phase II clinical trial for pediatric rotavirus diarrhea	September 14, 2024
U.S. FDA	IND 031169	Live SK08 Powder	Approved to conduct clinical trials for UC	January 17, 2025

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement actions. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. See “Risk Factors — Risks Relating to Our Business Operations — If we face litigations, government investigations, or administrative actions, our management’s focus could be shifted, leading to significant costs and liabilities for us.”

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During the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in or subject to any litigations, arbitrations, administrative proceedings, claims, damages or losses which would have a material adverse effect on our business, financial position or results of operations as a whole. As of the Latest Practicable Date, we were not aware of any pending or threatened material litigations, arbitrations or administrative proceedings against us or any of our Directors, which individually or as a whole would have a material adverse effect on our business, financial position or results of operations. We had complied, in all material respects, with the relevant PRC laws and regulations in the jurisdictions we operate in, and no material administrative penalties were imposed on us.

Compliance

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 have 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 and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations and we recognize that risk management is critical to our success. For a discussion of various operational risks and uncertainties we face, see “Risk Factors — Risks Relating to Our Business Operations — Failure to maintain an effective internal control system could lead to inaccurate financial reporting, loss of investors’ confidence, limited access to capital, and a decline in our stock price.” We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up, mitigated and rectified by us.

The following key principles outline our approach to risk management:

- Our Audit Committee will oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management’s handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.
- Our Board will be responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) reviewing and approving major risk management issues of our Group; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments’ reporting on key risks and providing feedbacks; (vi) supervising the implementation of our risk management measures by the relevant departments; and (vii) ensuring that the appropriate structure, processes and competencies are in place across our Group.
- The relevant departments in our Company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could

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potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group’s internal control.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as confidentiality management, IT security and protection of intellectual property.
- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our legal advisors, will also periodically review our compliance status with all relevant laws and regulations after the [REDACTED].
- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.
- We plan to provide various and continuing trainings to update our Directors, senior management, and relevant employees on the latest laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.
- We have established a comprehensive Anti-Bribery and Anti-Corruption Policy that sets out clear guidelines prohibiting any form of bribery, corruption, extortion and improper advantage, which applies to all Directors, employees and third-party representatives acting on behalf of our Group. We provide regular trainings and awareness programs to our Directors, senior management and employees on anti-bribery and anti-corruption laws and regulations, as well as our internal policies. We have also implemented a whistleblowing policy that allows employees to report suspected misconduct or breaches of our anti-bribery policy in a confidential and anonymous manner, without fear of retaliation.
- Our Directors believe that compliance creates value for us and are dedicated to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we regularly conduct internal compliance checks and inspections, adopt strict internal accountability and conduct compliance trainings.
- We conduct periodic reviews and updates of our policies to ensure they remain aligned with the latest regulatory requirements and industry best practices.

During the Track Record Period, we had regularly reviewed and enhanced our risk management system and internal control system. We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with our risk management and internal control.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately prior to the [REDACTED], Zhuhai Yichangda held approximately 37.26% of our issued Shares. Zhuhai Yichangda is a limited partnership established in the PRC in March 2017 and is controlled by its sole general partner, Dr. Zhi, our Chairman of the Board. As of the Latest Practicable Date, Dr. Zhi held 29.70% partnership interest in Zhuhai Yichangda, being the highest percentage of partnership interest therein, and served as its executive partner responsible for the day-to-day management of the partnership, including but not limited to the exercise of voting rights attached to the Shares held by Zhuhai Yichangda.

Immediately following the completion of the [REDACTED], Dr. Zhi through Zhuhai Yichangda will be entitled to control the exercise of approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is not exercised) or approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is exercised in full) of our Company and thus remain as our Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after [REDACTED].

Management Independence

We are able to carry on our business independently from our Controlling Shareholders from a management perspective. Upon [REDACTED], our Board will consist of nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors.

Our executive Director and senior management team are responsible for the day-to-day management of our operations. Notwithstanding Dr. Zhi’s roles as Chairman of the Board and one of our Controlling Shareholders, our Directors are of the view that our Company is able to function independently from our Controlling Shareholders for the following reasons:

- (a) all of our independent non-executive Directors have confirmed their independence in accordance with Rule 3.13 of the Listing Rules and are independent of our Controlling Shareholders and their respective close associates, and decisions of our Board require the approval of a majority vote from members of our Board;
- (b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (c) our daily management and operations are carried out by a senior management team comprising members responsible for, among others, overall operations, research and development and cooperative development, CMC, clinical development, financing activities, capital market operations, corporate governance and finance, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (d) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders, which would support our independent management, in accordance with our Articles, relevant corporate governance policies and the Listing Rules as well as other applicable rules, laws and regulations.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the [REDACTED].

Operational Independence

We do not rely on the Controlling Shareholders and their close associates for our business development, research and development, clinical development, production, staffing, logistics, administration, finance, information technology, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own employees for our operations, management and human resources functions.

As of the Latest Practicable Date, our Company had four wholly-owned subsidiaries which carry out, among others, production, research and development functions. We have independent access to suppliers, customers, research and development resources and other third parties necessary for our business operations, and an independent management team to handle our day-to-day operations. We are also in possession of relevant licenses, approvals and qualifications currently required for our principal businesses and we have sufficient operational capacity in terms of capital, facilities, technology and employees to operate independently. Based on the above, our Directors believe that we are able to operate independently from the Controlling Shareholders and their close associates.

Financial Independence

Our Group has a finance department independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system under which we make financial decisions based on our own business needs. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with the Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations.

Our Group has sufficient capital to operate its business independently and has adequate internal resources to support its daily operations. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date, all loans and advances due to or from the Controlling Shareholders or their close associates had been fully settled. During the Track Record Period and as of the Latest Practicable Date, we had received the Pre-[REDACTED] Investments from the Pre-[REDACTED] Investors independently. For details of the Pre-[REDACTED] Investments, see “History, Development and Corporate Structure.” Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their close associates.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, each of our Directors (other than our independent non-executive Directors) confirmed that he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. In addition, our Company has established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee in compliance with the Listing Rules. Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interest between our Group and the Controlling Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the relevant resolutions and shall not be counted towards the quorum for the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interest between the Group and the Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) the Controlling Shareholders will undertake to provide all necessary information, including all relevant financial, operational and market information and any other information as reasonably required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose the decisions and the basis for such decisions on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request advice from independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expense; and
- (g) we have appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules and applicable Hong Kong laws, including various requirements relating to corporate governance.

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

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Upon [REDACTED], our Board will consist of nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors. The following table provides certain information about our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Dr. Zhi Fachao (智發朝) .	[63]	Chairman of the Board and non-executive Director	September 2013	August 11, 2017	Formulating the Group’s overall development strategies and business plans and overseeing the Group’s strategic development
Dr. Wang Ye (王曄)	[51]	Executive Director and general manager	November 2013	August 11, 2017	Overseeing the management and operations of our Group, covering operational management, management system standardization development, business expansion plans and investment layout
Ms. Li Xuexiang (李雪香)	[67]	Non-executive Director	October 2018	October 17, 2018	Providing advice to our Board and reviewing overall strategy, policies and operations of our Group
Mr. Cao Da (曹達)	[54]	Non-executive Director	August 2018	August 7, 2018	Providing advice to our Board and reviewing overall strategy, policies and operations of our Group
Dr. Zhang Yibo (張益波) .	[43]	Non-executive Director	December 2020	December 14, 2020	Providing advice to our Board and reviewing overall strategy, policies and operations of our Group
Mr. Lin Yunyu (林雲宇) . .	[41]	Non-executive Director	August 2018	August 7, 2018	Providing advice to our Board and reviewing overall strategy, policies and operations of our Group
Dr. Zeng Ming (曾明) . . .	[60]	Independent Non-executive Director	May 2026	[REDACTED]	Supervising and providing independent judgement to our Board
Dr. Chen Qikui (陳其奎) .	[62]	Independent Non-executive Director	May 2026	[REDACTED]	Supervising and providing independent judgement to our Board
Ms. Li Ying (黎滢)	[48]	Independent Non-executive Director	May 2026	[REDACTED]	Supervising and providing independent judgement to our Board

Note: As of the Latest Practicable Date, Dr. Liu Yangyang was our Director and deputy general manager of our Company. He will resign from directorship immediately prior to the [REDACTED] and continues to serve as our deputy general manager upon [REDACTED].

Executive and Non-executive Directors

Dr. Zhi Fachao (智發朝), aged [63], is the chairman of the Board. He has been a Director since August 2017. He has served as the chairman of the Board since April 2023, and has been formulating the Group’s overall development strategies and business plans and overseeing the Group’s strategic development.

DIRECTORS AND SENIOR MANAGEMENT

As a seasoned clinician and pharmaceutical research professional, Dr. Zhi has accumulated over 40 years’ deep insight and extensive experience in the field of live biotherapeutic products. Dr. Zhi joined Nanfang Hospital Affiliated to the First Military Medical University (第一軍醫大學南方醫院) (currently known as Nanfang Hospital, Southern Medical University (南方醫科大學南方醫院)) in 1985 and has held various positions there since then, including, among others, a clinical professor, the chief physician of gastroenterology (professional technical grade 2), the principal of the Southern Institute of Digestive Diseases (南方消化病研究所), and the academic leader of gastroenterology. He currently serves as the principal of the Guangdong Provincial Key Laboratory of Gastroenterology (廣東省胃腸病重點實驗室).

Dr. Zhi has held the following positions in professional institutions:

- the vice chairman of the 4th Committee of Internal Medicine Physicians under the Chinese Medical Doctor Association (中國醫師協會) since May 2023;
- the deputy director of the 2nd Committee of Probiotics and Human Health under the Chinese Nutrition Society (中國營養學會) since December 2022; and
- a member of the 9th Committee of Gastroenterology Endoscopy under the Chinese Medical Association (中華醫學會) since August 2025.

In addition, Dr. Zhi was accredited as a professor of clinical medicine by the Senior Professional Technical Qualification Evaluation Committee of Southern Medical University (南方醫科大學高級專業技術資格評審委員會) in 2005 and obtained the Medical Practitioner License issued by the Department of Health of Guangdong Province (廣東省衛生廳) in 2006. He has received various honors, including the Special Government Allowance granted by the State Council of the People’s Republic of China in 2015, the project head of a major National 863 Program in 2015, the 13th Guangdong Tinglin Science and Technology Award (廣東省丁穎科技獎) in 2016 awarded by the Guangdong Association for Science and Technology (廣東省科學技術協會), the Outstanding Talent under the Guangdong Special Talent Plan (“廣東特支計劃”傑出人才) in 2017 jointly awarded by the Organization Department of the CPC Guangdong Provincial Committee and the Department of Human Resources and Social Security of Guangdong Province, the National Health and Family Planning Commission Outstanding Contribution Young and Middle-aged Expert (國家衛生計生突出貢獻中青年專家) in 2017 awarded by the National Health and Family Planning Commission (國家衛生和計劃生育委員會) and the State Administration of Traditional Chinese Medicine (國家中醫藥管理局), the Guangdong Provincial Medical Leading Talent (廣東省醫學領軍人才) in 2018 awarded by the Guangdong Provincial Health Commission (廣東省衛生健康委員會), and named as the “National Outstanding Physician — Exemplary Role Model (國之名醫·優秀風範)” in 2019.

Dr. Zhi graduated from First Military Medical University of the Chinese People’s Liberation Army (中國人民解放軍第一軍醫大學) (currently known as Southern Medical University (南方醫科大學)) in the PRC with a bachelor’s degree in military medicine in July 1985 and a master’s degree in internal medicine (gastroenterology) in July 1991. He also obtained a doctorate degree in internal medicine (digestive system diseases) from Southern Medical University (南方醫科大學) in June 2007.

Dr. Wang Ye (王曄), aged [51], is our executive Director and the general manager of our Company. He joined our Group in November 2013, and has been a Director since August 2017. Dr. Wang was re-designated as an executive Director in May 2026. Dr. Wang is currently a director and a general manager of Shijiazhuang Puwei, and a director of Qingyuan Zhiyi. Dr. Wang oversees the management and operations of our Group, covering operational management, management system standardization development, business expansion plans and investment layout.

Dr. Wang has more than 20 years of experience in pharmaceutical industry. From 2001 to 2002, he worked at Shenzhen Hanyu Bioengineering Co., Ltd. (深圳翰宇生物工程股份有限公司). From 2003 to 2011, he worked as an engineer at Bio-Thera Solutions (Guangzhou) Co., Ltd. (百奧泰生物科技(廣州)有限公司) (currently known as Bio-Thera Solutions, Ltd. (百奧泰生物製藥股份有限公司)) (stock code: 688177.SH). From September 2011 to October 2013, Dr. Wang successively worked as the new drug projects supervisor and manager at Guangdong South China New Drug Creation Center (廣東華南新藥創制中心), responsible for the R&D management of new drug projects.

DIRECTORS AND SENIOR MANAGEMENT

In addition, Dr. Wang has served as the principal of Guangdong Provincial Engineering Research Center for Live Biotherapeutic Products (廣東省活體生物藥工程技術研究中心) since December 2022. He has been the deputy secretary-general and member of the Special Committee on Genetic Engineering and Cell Engineering Biologics of the Chinese Pharmaceutical Association for Biopharmaceutical Technology (中國醫藥生物技術協會基因工程與細胞工程製藥專委會), since March 2025.

Dr. Wang obtained his bachelor’s degree in horticulture from Jiangxi Agricultural University (江西農業大學) in the PRC in July 1996. He obtained a master’s degree in biochemistry and molecular biology from South China Agricultural University (華南農業大學) in the PRC in June 2000. He then obtained the doctorate degree in biomedicine from Jinan University (暨南大學) in the PRC in June 2018.

Dr. Wang has served as a practice supervisor for PhD students in biology and medicine at Jinan University since July 2023. Dr. Wang was awarded the title of Outstanding Young Entrepreneur of the Guangdong-Hong Kong-Macao Greater Bay Area (4th session) (第四屆粵港澳大灣區傑出青年企業家) in 2023 by the Guangdong-Hong Kong-Macao Bay Area Entrepreneurs Alliance (粵港澳大灣區企業家聯盟).

Ms. Li Xuexiang (李雪香), aged [67], is a non-executive Director. She was appointed as a Director in October 2018 and was re-designated as a non-executive Director in May 2026 to provide advice to our Board and to review overall strategy, policies and operations of our Group.

Ms. Li has served as the executive director, manager and chief financial officer of Foshan Liren Medical Equipment Co., Limited (佛山里仁醫療器械有限公司), since November 2016, responsible for its overall business operation, market development and corporate management. Since 2022, she has worked as executive director, manager and chief financial officer of Foshan Hebang Mingyun Home Furnishing Co., Limited (佛山和邦明韻家居有限公司), responsible for its overall corporate strategic arrangement and daily business management.

Mr. Cao Da (曹達), aged [54], is a non-executive Director. He was appointed as a Director in August 2018 and was re-designated as a non-executive Director in May 2026 to provide advice to our Board and to review overall strategy, policies and operations of our Group.

Mr. Cao has over 20 years of experience in investment management. From July 1994 to September 2001, he worked as an engineer and senior project manager at Shougang Group (首鋼集團). From September 2001 to November 2008, he served as investment director at Ceyuan Venture Capital Management (Beijing) Co., Ltd. (啟迪創業投資管理(北京)有限公司) (currently known as Hetang Entrepreneurship Investment Management (Beijing) Co., Ltd. (荷塘創業投資管理(北京)有限公司)), and then worked as the head of investment business at TusHoldings Co., Ltd. (啟迪控股股份有限公司), from November 2008 to April 2012. From April 2012 to April 2013, he was the deputy general manager at Tus Financial Leasing Co., Ltd. (啟迪融資租賃有限公司). Mr. Cao has worked at Tus-Ginza Capital Management (Beijing) Co., Ltd. (清控金信資本管理(北京)有限公司, “**Tus-Ginza Capital**”) since April 2013 and currently serves as its general manager and the chairman of the board.

Mr. Cao graduated from North China University of Technology (北方工業大學) in the PRC with a bachelor’s degree in mechanical design and manufacturing in July 1994. He then obtained his master’s degree in Business Administration from Beijing Jiaotong University (北京交通大學) in the PRC in May 2000. He obtained the Fund Practitioner Qualification from the Asset Management Association of China in November 2016.

Dr. Zhang Yibo (張益波), aged [43], is a non-executive Director. He was appointed as a Director in December 2020, and was re-designated as a non-executive Director in May 2026 to provide advice to our Board and to review overall strategy, policies and operations of our Group.

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Dr. Zhang has over 15 years of experience in pharmaceutical industry business development and healthcare equity investment. From December 2012 to November 2017, Dr. Zhang worked at Yangtze River Pharmaceutical Group Co., Ltd. (揚子江藥業集團有限公司). He then worked at KIP Capital (KIP 資本) from December 2017 to April 2019, and served as a vice president. Since May 2019, Dr. Zhang has successively served as an investment director and an executive general manager at SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司), engaged in the management of investments biopharmaceutical sector.

Dr. Zhang graduated from Jilin University (吉林大學) in the PRC with a bachelor's degree in pharmaceutical engineering in July 2005. He then obtained his master's degree in microbiology and biochemical pharmacy from Jilin University (吉林大學) in May 2008 and subsequently was awarded his doctorate degree in microbiology and biochemical pharmacy from the same university in May 2011.

Mr. Lin Yunyu (林雲宇), aged [41], is a non-executive Director. He was appointed as a Director in August 2018 and was re-designated as a non-executive Director in May 2026 to provide advice to our Board and to review overall strategy, policies and operations of our Company.

Mr. Lin has over 10 years of experience in equity investment in the healthcare industry. Mr. Lin worked as an investment manager at Guangdong Technology Venture Capital Co., Ltd. (廣東粵科風險投資管理有限公司), from June 2015 to May 2016. Since May 2016, he has been working at Shenzhen Innovation Investment Group Co., Ltd. (深圳市創新投資集團有限公司) holding various positions, including members of the project initiation committee, the investment committee, and the early-stage investment committee for venture capital and private equity investments.

Mr. Lin graduated from Beihang University (北京航空航天大學) in the PRC with a bachelor's degree in measurement and control technology and instrumentation in July 2007. He obtained his master's degree in biomedical engineering from Sun Yat-sen University (中山大學) in the PRC in July 2011.

Independent Non-executive Directors

Dr. Zeng Ming (曾明), aged [60], was appointed as an independent non-executive Director in May 2026, with effect from the [REDACTED] to supervise and provide independent judgement to our Board.

Dr. Zeng has over 30 years of experience in the research, development and quality control of biological products and vaccines. From August 1993 to December 2019, Dr. Zeng served at the National Institute for the Control of Pharmaceutical and Biological Products (中國藥品生物製品檢定所) (currently known as China National Institutes for Food and Drug Control (中國食品藥品檢定研究院)). He then worked at Beijing Minhai Biotechnology Co., Ltd. (北京民海生物科技有限公司), a wholly-owned subsidiary of Shenzhen Kangtai Biological Products Co., Ltd. (深圳康泰生物製品股份有限公司) (stock code: 300601.SZ), as the chief scientist from January 2020 to December 2021. From January 2022 to January 2024, Dr. Zeng served as the chairman of the board and general manager at Juntuo Biopharmaceutical Technology (Hainan) Co., Ltd. (君拓生物醫藥科技(海南)有限公司), a subsidiary of Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司) (stock code: 688180. SH and 1877.HK). From January 2024 to March 2025, he served as chairman of the board at Luoyi (Wuxi) Biopharmaceutical Co., Ltd. (羅益(無錫)生物製藥有限公司).

Dr. Zeng currently serves as a standing committee member of the Branch of Microbiology and Immunology under the Chinese Medical Association (中華醫學會微生物與免疫學分會).

Dr. Zeng obtained his master's degree in microbiology and immunology from National Institute for the Control of Pharmaceutical and Biological Products (中國藥品生物製品檢定所) (currently known as China National Institutes for Food and Drug Control (中國食品藥品檢定研究院)) in the PRC in July 1993. He also obtained a doctorate degree in immunology from the Academy of Military Medical Sciences (軍事醫學科學院) (currently known as Institute of Military Medicine, Academy of Military Sciences (中國人民解放軍軍事科學院軍事醫學研究院)) in July 2001.

Dr. Chen Qikui (陳其奎), aged [62], was appointed as an independent non-executive Director in May 2026, with effect from the [REDACTED] to supervise and provide independent judgement to our Board.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Chen has nearly 40 years’ experience in clinical medicine and scientific research within the gastroenterology industry. From August 1997 to June 2024, he served at Sun Yat-sen University Sun Yat-sen Memorial Hospital (中山大學孫逸仙紀念醫院), with various positions, including the principal of the gastroenterology department, responsible for the overall management of the department, delivery of clinical treatment, talent cultivation and scientific research and development. He was also accredited as a chief physician and professor. Prior to joining the Sun Yat-sen University Sun Yat-sen Memorial Hospital (中山大學孫逸仙紀念醫院), Dr. Chen served as an attending physician in the department of gastroenterology of Yijishan Hospital, Wannan Medical College (皖南醫科大學弋磯山醫院). Since July 2024, Dr. Chen has been the head of the gastroenterology department at Shenzhen Qianhai Taikang Hospital (深圳前海泰康醫院).

Dr. Chen served as the executive standing member of the 11th Gastroenterology Branch of the Chinese Medical Association (中華醫學會消化病學分會) from January 2018 to November 2023. He has been the deputy director committee member of the Digestive Rehabilitation Professional Committee of the Chinese Association of Rehabilitation Medicine (中國康復醫學會消化康復專業委員會) since November 2018. From 2013 to 2022, Dr. Chen successively served as the chairman of the Gastroenterology Branch of the Guangdong Medical Association (廣東省醫學會消化病學分會) and the Endoscopy Branch of the Guangdong Medical Association (廣東省醫學會消化內鏡學分會).

Dr. Chen obtained his bachelor’s degree in clinical medicine from Wannan Medical College (皖南醫學院) (currently known as Wannan Medical University (皖南醫科大學)) in the PRC in July 1985. He then obtained his master’s degree in pathophysiology from Shanxi Medical College (山西醫學院) (currently known as Shanxi Medical University (山西醫科大學)) in the PRC in July 1988. Dr. Chen also obtained a doctorate degree in gastroenterology from Sun Yat-sen University of Medical Sciences (中山醫科大學) (currently known as Sun Yat-sen University (中山大學)) in the PRC in July 1997. In December 2015, Dr. Chen was awarded the First Prize for the research project entitled Study on Relevant Malignant Phenotypic Characteristics and Clinical Diagnosis and Treatment Strategies of Pancreatic Cancer (胰腺癌惡性表型的相關特徵及其臨床診治策略的研究), by the Liaoning Provincial Science and Technology Award Committee (遼寧省科學技術獎勵委員會).

Ms. Li Ying (黎滢), aged [48], was appointed as an independent non-executive Director in May 2026, with effect from the [REDACTED] to supervise and provide independent judgement to our Board.

Ms. Li has over 18 years’ experience in capital markets and corporate finance. From 2000 to 2003, she worked at GZAA Appraisal Co., Ltd (廣州中天衡評估有限公司) (currently known as Guangzhou Zhongtianheng Asset Appraisal Co., Ltd. (廣州中天衡資產評估有限公司)). From 2004 to 2006, she worked at GP Certified Public Accountant (廣東正中珠江會計師事務所). From 2007 to 2017, she worked as an assistant general manager in the investment banking department at Donghai Securities Co., Ltd. (東海證券股份有限公司). From 2017 to 2020, she served as director and deputy general manager (董事副總經理) of the Guangzhou investment banking department of Jianghai Securities Co., Ltd. (江海證券有限公司). From 2020 to 2024, she successively served as the director and executive general manager of the investment banking department at First Capital Investment Banking Co., Ltd. (第一創業證券承銷保薦有限責任公司). Since 2024, she has been a senior partner of Qixing Investment (Guangzhou) Co., Ltd. (其行投資(廣州)有限公司). Since 2025, she has served as a managing director of BMI Merger and Acquisition Market Limited (邦盟匯駿併購市場有限公司). Since 2025, she has worked as a senior investment advisor at Hong Kong CCVISA Global Investment Group Limited (香港嘉策全球投資集團有限公司).

Ms. Li served as a member of the 6th Council of the Guangzhou Institute of Certified Public Accountants (廣州市註冊會計師協會) from December 2020 to December 2025. She has been an innovation and entrepreneurship mentor at the Guangdong-Hong Kong-Macao Greater Bay Area Postdoctoral Science and Technology Innovation (Nansha) Public Research Center (粵港澳大灣區博士後科技創新(南沙)公共研究中心) since 2022. From 2022 to 2025, she also acted as a judge for the Guangzhou Unicorn Enterprise Series Selection (廣州市獨角獸企業系列榜單評選). Ms. Li has served as a member of the Guangzhou Cultural Finance Expert Panel since 2019.

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Ms. Li obtained her bachelor’s degree in auditing (CPA track) from Wuhan University (武漢大學) in the PRC, in July 2000. She also obtained her bachelor’s degree in law from Wuhan University in the PRC, in July 2001. She then obtained her master’s in business administration from Shanghai University of Finance and Economics (上海財經大學) in the PRC, in June 2012.

Ms. Li obtained the Certified Internal Auditor (CIA) qualification from The Institute of Internal Auditors (IIA) (國際內部審計師協會) in 2000. She then obtained several qualifications in the PRC, including the Certified Public Accountant (CPA) qualification from the Chinese Institute of Certified Public Accountants (CICPA) (中國註冊會計師協會) in 2002, the Certified Public Valuer (CPV) qualification from the China Appraisal Society (CAS) (中國資產評估協會) in 2004, the Certified Tax Agent (CTA) qualification from the China Certified Tax Agents Association (CCTAA) (中國註冊稅務師協會) in 2005, the Securities Practitioner Qualification (Sponsor Representative) from the China Securities Regulatory Commission (CSRC) (中國證券監督管理委員會) in 2010 and fellow of the institute of financial accountants from the Institute of Financial Accountants (英國註冊財務會計師公會) in 2007.

CONFIRMATIONS BY OUR DIRECTORS

Each of our Directors confirms that he/she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 28, 2026 and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules. From time to time our non-executive Directors and independent non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Senior Manager	Roles and responsibilities
Dr. Wang Ye (王曄)	[51]	Executive Director and general manager	November 2013	August 11, 2017	Overseeing the management and operations of our Group, covering operational management, management system standardization development, business expansion plans and investment layout
Dr. Liu Yangyang (劉洋洋)	[39]	Deputy general manager	November 2013	January 1, 2020	Overseeing R&D in new drugs and development of business partnerships of our Group
Dr. Li Ping (李平)	[45]	Deputy general manager	April 2016	January 1, 2022	Overseeing R&D in chemical, manufacturing and control (CMC) strategy, the CMC team and the manufacturing center
Ms. Wang Wei (王薇) . . .	[45]	Deputy general manager	March 2021	July 1, 2024	Overseeing clinical development and drug registration of our in-house product pipeline, and the compliance management and project management of R&D projects

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Senior Manager	Roles and responsibilities
Ms. Liang Baoxia (梁寶霞)	[40]	Secretary to the Board	February 2026	February 3, 2026	Overseeing fund raising, capital market operation and corporate governance of the Group
Mr. Cao Guangchun (曹廣春)	[42]	Chief financial officer	October 2017	October 1, 2017	Overseeing the management of our finance department

Dr. Wang Ye (王曄), aged [51], is our executive Director and general manager. For details of his biography, see “— Board of Directors — Executive and Non-executive Directors” in this section.

Dr. Liu Yangyang (劉洋洋), aged [39], is our deputy general manager. He is currently a director and a general manager of Zhiyi Health Tech, and a supervisor of Guangzhou Puwei Junjian, Qingyuan Zhiyi and Shijiazhuang Puwei. Dr. Liu oversees R&D in new drugs and development of our business partnerships of our Group. As of the Latest Practicable Date, Dr. Liu Yangyang was our Director. He will resign from directorship immediately prior to the [REDACTED] and continues to serve as our deputy general manager upon [REDACTED].

Dr. Liu joined our Group in November 2013 after his graduation of doctorate degree. He has held various positions in our Group, including a project manager and the director of the medical department and the next-generation probiotics department. He was promoted as a deputy general manager of our Company in January 2020.

Dr. Liu graduated from Southern Medical University (南方醫科大學) in the PRC with a doctorate degree in clinical medicine through an 8-year integrated undergraduate-master-doctoral program, in June 2013.

Dr. Liu was awarded the title of “Pearl River Rising Star in Science and Technology” by the Guangzhou Municipal Bureau of Science and Technology (廣州市科學技術局) in May 2019. In November 2020, he has been the standing committee member of the Microecology Medicine Branch of the Guangdong Society of Precision Medicine Application (廣東省精準醫學應用學會微生態醫學分會常務委員). In November 2019, he was awarded the title of “Top 100 Innovative Doctor and Postdoctoral Talent of Guangdong Province” by the Guangdong Association for the Development of Doctoral and Postdoctoral Talents (廣東省博士博士後人才發展促進會).

Dr. Li Ping (李平), aged [45], is our deputy general manager. He joined our Group in April 2016. Dr. Li oversees R&D in chemical, manufacturing and control (CMC) strategy, the CMC team and the manufacturing center.

Dr. Li has over 18 years’ experience in biopharmaceutical research and development. From July 2008 to March 2015, he worked at Guangzhou Kaitai Biotechnology Co., Limited (廣州市愷泰生物科技股份有限公司). From April 2015 to March 2016, he worked as a research and development director at Guangzhou Sailila Stem Cell Technology Co., Limited (廣州塞萊拉幹細胞科技股份有限公司).

Dr. Li obtained his bachelor’s degree in pharmaceutical engineering from Hefei University of Technology (合肥工業大學) in the PRC in 2003. He obtained his master’s degree in pharmaceuticals and doctorate degree in pharmacology from Southern Medical University (南方醫科大學) in the PRC in June 2007 and June 2012, respectively.

Ms. Wang Wei (王薇), aged [45], is our deputy general manager. She joined our Group in March 2021 and was appointed as the deputy general manager in July 2024. Ms. Wang oversees clinical development and drug registration of our in-house product pipeline, and the compliance management and project management of R&D projects.

Ms. Wang has over 18 years of experience in pharmaceutical research and development. From June 2008 to August 2009, she worked as a research and development staff at Guangzhou Hanfang Modern Chinese Medicine Research & Development Co., Ltd. (廣州漢方現代中藥研究開發有限公司) (currently

DIRECTORS AND SENIOR MANAGEMENT

known as Guangzhou Baiyunshan Hanfang Modern Pharmaceutical Co., Ltd. (廣州白雲山漢方現代藥業股份有限公司)). From August 2011 to March 2014, she was new drug project supervisor at Guangdong South China New Drug Creation Center (廣東華南新藥創製中心). She then worked as a medical manager at Jiangsu Aidi Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司) from March 2014 to February 2021.

Ms. Wang obtained her bachelor’s degree in traditional Chinese pharmacy from China Pharmaceutical University (中國藥科大學) in the PRC in July 2003. She obtained a master’s degree in medicinal chemistry from Jinan University (暨南大學) in the PRC in June 2007. She also obtained a master’s degree in traditional Chinese pharmacy from University of Macau in July 2007.

Ms. Liang Baoxia (梁寶霞), aged [40], is our secretary to the Board. She joined our Group in February 2026 as the secretary to the Board. Ms. Liang oversees fund raising, capital market operation and corporate governance of the Group.

Ms. Liang has over 18 years of extensive experience in capital markets, focusing on the biopharmaceutical industry over 10 years. From 2007 to 2011, she worked at KPMG Huazhen LLP (畢馬威華振會計師事務所). From 2011 to 2013, she served in the investment banking department of Donghai Securities Co., Ltd. (東海證券有限責任公司). From 2013 to 2015, she worked at Guangzhou Kangxin Financial Leasing Co., Ltd. (廣州市康信融資租賃有限公司). From 2015 to 2021, she successively worked as the board secretary, vice president and director at ChemPartner PharmaTech Co., Ltd. (睿智醫藥科技股份有限公司) (stock code: 300149.SZ). From 2023 to 2025, she served as general manager of strategic development department at Guangzhou Lemon Biotech Co., Ltd. (廣州市萊檬生物有限公司).

Ms. Liang obtained her bachelor’s degree in administrative management, and economics and trade English from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2007. She obtained the Certified Public Accountant (CPA) qualification from the Chinese Institute of Certified Public Accountants (CICPA) (中國註冊會計師協會) in February 2012 and obtained the Board Secretary Qualification Certificate in the PRC in August 2015.

Mr. Cao Guangchun (曹廣春), aged [42], is our chief financial officer. He joined our Group in October 2017 as our chief financial officer. In addition, Mr. Cao is currently the supervisor of Zhiyi Health Tech and the chief financial officer of Guangzhou Puwei Junjian, Qingyuan Zhiyi and Shijiazhuang Puwei. Mr. Cao oversees the management of our finance department.

Mr. Cao has over 17 years’ experience of finance management. From July 2008 to July 2009, he worked as an accountant at Xuzhou Construction & Installation Branch, China Coal No. 5 Construction Company (中煤第五建設公司徐州建築安裝分公司). From September 2009 to April 2011, he worked at Guangzhou Yichang Technology Co., Ltd. (廣州毅昌科技股份有限公司). From October 2011 to May 2013, he worked as a finance supervisor at Guangdong Shenglu Telecommunications Technology Co., Ltd. (廣東盛路通信科技股份有限公司). From May 2013 to April 2015, he was the finance manager at Guangzhou Xingsen Expressway Technology Co., Ltd. (廣州興森快捷電路科技有限公司). From January 2016 to December 2016 and from January 2017 to September 2017, he served as the chief financial officer at Guangzhou Youdeqing Biotech Co., Ltd. (廣州優得清生物科技有限公司) and Beihao Stem Cell and Regenerative Medicine Research Institute Co., Ltd. (北昊幹細胞與再生醫學研究院有限公司), respectively.

Mr. Cao obtained his bachelor’s degree in financial management from Nanchang Institute of Technology (南昌工程學院) in the PRC in July 2008. He obtained the Intermediate Accountant Qualification from the Ministry of Human Resources and Social Security and the Ministry of Finance of the PRC in January 2009.

OTHER INFORMATION

Mr. Cao Da, our non-executive Director, was a director of Beijing Jiezhijia Information Co., Ltd.* (北京傑之家資訊有限公司, “Beijing Jiezhijia”), whose business license was revoked by the local Administration for Industry and Commerce and which was subsequently deregistered in November 2021.

DIRECTORS AND SENIOR MANAGEMENT

The revocation was due to Beijing Jiezhijia having ceased to engage in any business activities for more than six months prior to the date of revocation and was not attributable to any material misconduct or breach of duty on the part of Mr. Cao during the relevant period. Since the revocation of its business license and up to the Latest Practicable Date, Beijing Jiezhijia had not carried out any business activities. So far as Mr. Cao is aware, the revocation of Beijing Jiezhijia’s business license did not result in any penalties or fines imposed by any competent authorities, nor did it give rise to any outstanding or potential litigation, claims or liabilities against Beijing Jiezhijia or Mr. Cao.

Save as disclosed above, (i) none of our Directors holds any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this Document; (ii) none of our Directors and members of senior management are related to other Directors, members of senior management, substantial shareholders or controlling shareholders of our Company; (iii) none of our members of senior management holds or has held other positions in our Company and/or any other members of our Group as at the Latest Practicable Date; and (iv) none of our Directors or members of senior management completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses. As of the Latest Practicable Date and save as disclosed above, there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders or the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules in all material aspects. See “Statutory and General Information” in Appendix IV to this Document for further information about our Directors, including the particulars of their service contracts and remuneration, and details of the interests of our Directors in our Shares (within the meaning of Part XV of the SFO).

JOINT COMPANY SECRETARIES

Ms. Liang Baoxia (梁寶霞) was appointed as our joint company secretary in May 2026, with effect from the [REDACTED]. For details of her biography, see “— Senior Management” in this section.

Ms. Li Chiao Ling (李巧玲) was appointed as our joint company secretary in May 2026, with effect from the [REDACTED]. Ms. Li is currently a manager of the Company Secretarial Services Department of TMF Hong Kong Limited, which is a global corporate services provider. Ms. Li has over 15 years of experience in the company secretarial field. Ms. Li holds a bachelor’s degree in business administration and a master’s degree in corporate governance. She is a member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Our Company has established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee in compliance with the Listing Rules. These committees operate in accordance with their respective terms of reference established by our Board.

Audit Committee

We have established the Audit Committee in compliance with Rule 3.21 of the Listing Rules (with effect from the [REDACTED]) and with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Ms. Li Ying, Dr. Zeng Ming and Mr. Cao Da. The chairman of the Audit Committee is Ms. Li Ying, who is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

The primary duties of the Audit Committee include, but not limited to, proposing the appointment or change of external auditors to our Board; monitoring the independence of external auditors and evaluating their performance; reviewing and supervising our financial reporting progress and the internal control system of our Group; reviewing and approving connected transactions; managing risk, performing internal audit, providing advice and comments to our Board; and performing other duties and responsibilities as may be assigned by our Board.

Pursuant to the PRC Company Law, a joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in the PRC Company Law. Accordingly, the Company will not set up the board of supervisors after the [REDACTED].

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules (with effect from the [REDACTED]) and with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee comprises three members, namely Dr. Zeng Ming, Dr. Chen Qikui, Dr. Zhi Fachao. The chairman of the Remuneration and Appraisal Committee is Dr. Zeng Ming.

The primary duties of the Remuneration and Appraisal Committee include, but not limited to, establishing, reviewing and providing advice to our Board on the structure of remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning remuneration; making recommendation to our Board on the terms of the specific remuneration package for executive Director and senior management; reviewing and recommending performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and dealing with other matters that are authorized by our Board, and if necessary, engaging external experts to provide relevant independent services.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee comprises three members, namely Dr. Chen Qikui, Dr. Zeng Ming, Ms. Li Xuexiang. The chairman of the Nomination Committee is Dr. Chen Qikui.

The primary duties of the Nomination Committee include, but not limited to, reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; identifying, selecting and making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; assessing the independence of our independent non-executive Directors; researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors; conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management; and dealing with other matters that are authorized by our Board.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the

DIRECTORS AND SENIOR MANAGEMENT

[REDACTED]. We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED].

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality agreements and non-competition agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we have entered into with our senior management and other key personnel.

Confidentiality

The employee shall keep confident and shall not disclose our trade secrets, until the trade secret is actually in the public domain other than as a result of the employee’s breach of the duty of confidentiality. The employees shall use all confidential information only for work purposes and shall not disclose, copy or otherwise use any confidential information for any other purpose.

Non-competition

Within a period from the date of the employee’s departure, the employee shall not, directly or indirectly, (i) set up, operate or participate in the business of our competitors; (ii) work for, provide financial support, guarantees or advice to our competitors; (iii) engage in any activity similar to our business; (iv) cause, assist or encourage any of our other employees to terminate their employment with us; or (v) employ any of our other employees.

Invention for Hire

The rights and interests in any invention, utility model, design, copyright and other forms of intellectual property rights, including but not limited to those produced by the employee: (i) in the performance of his/her work duties or assigned tasks during his/her employment or within one year from the date of the employee’s departure; or (ii) mainly using our physical and technological conditions, including but not limited to capital, equipment, component, raw materials, know-how or confidential information, shall belong to us.

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company’s competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director, the nomination committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. Pursuant to the board diversity policy, the nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on our Board and recommend them to our Board for formal adoption.

We recognize the particular importance of gender diversity. Upon the [REDACTED], our Board will comprise nine Directors, including two female Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but not limited to ensuring there is at least one female Director at all time. We will also ensure that there is gender diversity when recruiting staff at mid to senior level, as well as engaging more resources in training more female

DIRECTORS AND SENIOR MANAGEMENT

staff with the aim of providing a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity in our Board and our Group companies with reference to the stakeholders’ expectation and international and local recommended best practices.

COMPENSATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

For details of the service contracts and appointment letters that we have entered into with our Directors, see “Statutory and General Information — B. Further Information about Our Directors and substantial Shareholders — (ii). Particulars of Service Contracts” in Appendix IV to this Document.

The remuneration of our Directors and supervisors are paid in the form of salaries, allowances, benefits in kind, pension scheme contributions and share-based compensation. The aggregate amount of remuneration (including salaries, allowances, share-based payments and other benefits in kind and discretionary bonuses) for our Directors and supervisors for the years ended December 31, 2024 and 2025 were RMB11.0 million and RMB12.3 million, respectively.

For the years ended December 31, 2024 and 2025, the aggregate amount of emolument (including salaries, allowances, share-based payments and other benefits in kind and discretionary bonuses) for the five highest paid individuals of our Group (which include two and two Directors) were RMB16.0 million and RMB16.2 million, respectively. We estimate the remuneration and benefits-in-kind of our Directors in respect of the year ending December 31, 2026 to be approximately RMB11.6 million in aggregate.

During the Track Record Period, no remuneration was paid to, or receivable by, any Director, or any of the five highest paid individuals of our Group as an inducement to join or upon joining our Company or as compensation for loss of office in the Track Record Period. None of our Directors waived any emolument during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable by our Company to our Directors, supervisors or the five highest paid individuals of our Company during the Track Record Period. For further details, please see Notes 8 and 9 in the Accountants’ Report in Appendix I to this Document.

COMPLIANCE ADVISOR

We have appointed SDIC Securities Corporate Finance (Hong Kong) Limited as the compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rules 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- (i) before the publication of any regulatory announcement, circular, or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this Document; and
- (iv) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [REDACTED] and such appointment shall be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us 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 issued voting shares of our Company or any other member of our Group:

Name of Shareholder	Nature of interest ⁽¹⁾	As of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
		Number and class of Shares	Approximate percentage of shareholding in the total share capital of our Company	Number and class of Shares	% of shareholding in the total issued Share capital of our Company ⁽²⁾
Dr. Zhi ⁽³⁾	Interest in controlled corporations	11,430,037 Unlisted Shares	37.26%	[REDACTED]	[REDACTED]%
Zhuhai Yichangda ⁽³⁾ . . .	Beneficial owner	11,430,037 Unlisted Shares	37.26%	[REDACTED]	[REDACTED]%
Cao Da ⁽⁴⁾	Interest in controlled corporations	4,128,663 Unlisted Shares	13.46%	[REDACTED]	[REDACTED]%
SDIC VC ⁽⁵⁾	Interest in controlled corporations	3,297,642 Unlisted Shares	10.75%	[REDACTED]	[REDACTED]%
SDIC Shanghai Fund ⁽⁵⁾	Beneficial owner	1,920,000 Unlisted Shares	6.26%	[REDACTED]	[REDACTED]%
Shenzhen Capital Group ⁽⁶⁾	Beneficial owner	400,000 Unlisted Shares	1.30%	[REDACTED]	[REDACTED]%
	Interest in controlled corporations	1,600,000 Unlisted Shares	5.22%	[REDACTED]	[REDACTED]%
Dr. Liu Yangyang ⁽⁷⁾ . . .	Beneficial owner	1,147,963 Unlisted Shares	3.74%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation	786,138 Unlisted Shares	2.56%	[REDACTED]	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since [REDACTED] Unlisted Shares will be converted into H Shares and [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.
- (3) As of the Latest Practicable Date, Dr. Zhi was the sole general partner of Zhuhai Yichangda, holding 29.70% partnership of Zhuhai Yichangda, and none of the partners of Zhuhai Yichangda held more than 30% partnership therein. By virtue of SFO, Dr. Zhi is deemed to be interested in the Shares held by Zhuhai Yichangda.

SUBSTANTIAL SHAREHOLDERS

- (4) As of the Latest Practicable Date, Qingkong Jinxin, Jinxin Yunrong, Jinxin Yuanhui and Jinxin Qingyun held 1,520,000, 1,281,648, 1,247,015 and 80,000 Unlisted Shares of our Company, respectively, representing 4.96%, 4.18%, 4.07% and 0.26% interests in our Company, respectively. Since (i) the general partner of Qingkong Jinxin was Qingkong Jinxin Blue Investment, which is controlled by Jinxin Investment Management, which is in turn controlled by Beijing Ruida; (ii) the executive and general partner of each of Jinxin Yunrong and Jinxin Yuanhui was Jinxin Investment Management; (iii) the executive and general partner of Jinxin Qingyun was Nantong Jinxin which is ultimately controlled by Beijing Ruida; and (iv) Beijing Ruida is controlled by Mr. Cao Da (曹達), our non-executive Director, by virtue of SFO, Mr. Cao Da is deemed to be interested in the Shares held by Qingkong Jinxin, Jinxin Yunrong, Jinxin Yuanhui and Jinxin Qingyun.
- (5) As of the Latest Practicable Date, (i) the general partner of SDIC Shanghai Fund was Guotou (Shanghai) Venture Capital Management Co., Ltd.* (國投(上海)創業投資管理有限公司), which was controlled by SDIC VC; and (ii) SDIC Greater Bay Area Fund held 1,377,642 Unlisted Shares of our Company, representing 4.49% interests in our Company. The general partner of SDIC Greater Bay Area Fund was Guotou (Guangdong) Venture Capital Management Co., Ltd.* (國投(廣東)創業投資管理有限公司), which was controlled by SDIC VC. As such, by virtue of SFO, SDIC VC is deemed to be interested in the Shares held by SDIC Shanghai Fund and SDIC Greater Bay Area Fund.
- (6) As of the Latest Practicable Date, (i) Shenzhen Capital Group directly held 400,000 Unlisted Shares of our Company; (ii) Hongtu Chuangye held 1,200,000 Unlisted Shares of our Company, representing 3.91% interests in our Company, and was owned as to approximately 36.08% by Shenzhen Capital Group; and (iii) Hongtu Tianke held 400,000 Unlisted Shares of our Company, representing 1.30% interests in our Company, and was owned as to approximately 41.49% by Shenzhen Capital Group. As such, by virtue of SFO, Shenzhen Capital Group is deemed to be interested in the Shares held by Hongtu Chuangye and Hongtu Tianke.
- (7) As of the Latest Practicable Date, Zhuhai Xinrui, our Employee Incentive Platform, directly held 786,138 Unlisted Shares of our Company, which represents 2.56% interests in our Company. Zhuhai Xinrui is controlled by Dr. Liu Yangyang as its sole executive and general partner. As such, by virtue of SFO, Dr. Liu Yangyang is deemed to be interested in the Shares held by Zhuhai Xinrui.

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the [REDACTED] (assuming the [REDACTED] is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to the 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, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

SHARE CAPITAL

OVERVIEW

Before the [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB30,672,535, comprising 30,672,535 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following the conversion of the Unlisted Shares into H Shares and the completion of the [REDACTED], assuming the [REDACTED] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Immediately following the conversion of the Unlisted Shares into H Shares and the completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

RANKING

The H Shares in issue upon completion of the [REDACTED] and the Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

Our H Shares may only be [REDACTED] for and [REDACTED] in Hong Kong dollars. Our Unlisted Shares, on the other hand, may only be [REDACTED] for and [REDACTED] in Renminbi. Apart from certain qualified domestic institutional [REDACTED] in the PRC, the qualified PRC [REDACTED] under the Shanghai-Hong Kong Stock Connect or 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 (such as our certain existing Shareholders the Unlisted Shares held by whom will be converted into H Shares according to the filing with the CSRC), H Shares generally cannot be [REDACTED] for by or [REDACTED] between legal or natural persons of the PRC. Our Unlisted Shares, on the other hand, can be purchased or transferred between legal or natural persons of the PRC, qualified foreign institutional [REDACTED] and qualified foreign strategic [REDACTED].

SHARE CAPITAL

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid 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 filings with 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 [REDACTED]. 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 [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: the relevant Unlisted Shares will be withdrawn from the Unlisted Shares register and we will re-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 (i) our [REDACTED] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [REDACTED] of members and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to [REDACTED] on the Stock Exchange in compliance with the Listing Rules, the [REDACTED] and the [REDACTED] 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 [REDACTED] 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 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.

SHARE CAPITAL

RESTRICTIONS ON SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《關於境外上市公司非境外上市股份登記存管業務受理調整的通知》) and Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《境外上市公司非境外上市股份登記存管業務指南》), our Company is required to register and deposit our Shares that are not [REDACTED] on the overseas stock exchange with the CSDC after the [REDACTED].

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See “Appendix III — Summary of Articles of Association” in this Document.

GENERAL MANDATES TO ISSUE SHARES, SELL AND/OR TRANSFER TREASURY SHARES, AND REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted general unconditional mandates to issue and repurchase our Shares, and sell and/or transfer H Shares out of treasury that are held as treasury shares. See “Appendix IV — Statutory and General Information — Further Information about our Company — Shareholders’ Resolutions” for further details.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our historical financial information included in “Appendix I — Accountants’ Report” to this Document, together with the accompanying notes. Our historical financial information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), 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 our current views with respect to future events and financial performance and involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all of the information provided in this Document, including “Risk Factors” and “Business.”

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a clinical-stage biopharmaceutical company and a pioneer and leader in the field of LBP in China. By leveraging the unique efficacy and mechanism of LBP, we focus on significant unmet medical needs to develop innovative therapies with clear clinical value and to advance disease treatment paradigms. As of the Latest Practicable Date, we have built a portfolio of six drug candidates, including one Core Product, one key product and four other products, across gastrointestinal diseases, oncology, cancer therapy-related complications, metabolic disorders, and autoimmune diseases.

We currently have no drug candidates approved for commercial sales and we have not generated any revenue from the commercial sales of our drug candidates. However, we have generated limited revenue from the provision of research and development services and the sale of our NGP raw material products during the Track Record Period. Our total revenue increased from RMB0.7 million in 2024 to RMB2.4 million in 2025, and we have incurred loss from operations of RMB63.5 million and RMB69.0 million in 2024 and 2025, respectively. Substantially all of our operating losses resulted from R&D expenses, general and administrative expenses and selling and distribution expenses.

We expect to incur significant expenses for at least the next several years as we further advance our clinical development programs, seek regulatory approval for our drug candidates, launch commercialization of our pipeline products, and add personnel necessary to operate our business. Subsequent to the [REDACTED], we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, regulatory approval timeline and the commercialization of our drug candidates upon approval.

BASIS OF PREPARATION

We prepared our historical financial information in accordance with all applicable IFRS Accounting Standards as issued by the IASB. For the purpose of preparing the historical financial information, our Group has adopted all applicable new and revised IFRS Accounting Standards during the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period

FINANCIAL INFORMATION

beginning on January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025 are set out in Note 29 to the Accountants’ Report in Appendix I to this Document. Further details of the material accounting policies adopted are set out in Note 2 to the Accountants’ Report in Appendix I to this Document.

The historical financial information is presented in RMB, and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our results of operations are influenced by the progress we make in developing and commercializing our Core Product SK08 and key product SK10. As a clinical-stage biopharmaceutical company, we have not yet generated revenue from the commercial sale of our LBP candidates. During the Track Record Period, we incurred research and development expenses of RMB67.6 million in 2024 and RMB61.9 million in 2025, reflecting our ongoing investments in advancing our pipeline. SK08, our most advanced asset, is currently in Phase III clinical trials for IBS-D in China, with patient enrollment well underway. We expect to complete enrollment in 2027 and submit an NDA to the NMPA in 2028. SK08 has also received regulatory approval for multiple Phase II trials across other indications in the PRC, including pediatric rotavirus diarrhea, combination therapy with anti-PD-1/L1 monoclonal antibodies for advanced solid tumors, and UC. With respect to the solid tumor indication, as the previous IND approval has expired, we plan to resubmit the IND application and then initiate the relevant clinical trial in the fourth quarter of 2028. Furthermore, SK10 has completed its Phase I clinical trial for CID in the U.S. with a favorable safety profile, and we have obtained the Acceptance Notice from the CDE for the IND application for direct entry into the Phase II clinical trial for the same indication in the PRC. For more details regarding the development status of our drug candidates, see “Business — Our Product Pipelines (Pharmaceutical Pipelines).” The timing and success of these development programs will have a direct impact on our future revenue generation and overall financial performance.

The successful commercialization of our drug candidates, if approved, will require us to build or secure effective sales, marketing, and distribution capabilities. We have developed a commercialization strategy that includes adopting a CSO model for the initial launch of SK08 and SK10, which would allow us to leverage the established market access networks of experienced partners. However, we have limited experience in commercializing pharmaceutical products, and there can be no assurance that our commercialization efforts will be successful or that we will be able to secure favorable partnership arrangements. The costs associated with building commercial capabilities, including potential payments to CSO partners and post-approval marketing expenses, will incur additional operating expenditures that may affect our profitability following regulatory approval.

In addition, our ability to generate revenue from our drug candidates will be subject to pricing, reimbursement, and market acceptance factors. We intend to seek inclusion of our Core Product into the NRDL, which we believe could enhance patient access and market penetration. However, NRDL inclusion is determined by relevant government authorities at their discretion, and the negotiation process may result in pricing that is lower than our initial target. Market acceptance of our LBP candidates will also depend on factors such as physician awareness, clinical evidence, patient preference, and the availability of alternative treatments. While we have conducted market research and engaged with Key Opinion Leaders to better understand the clinical landscape, actual adoption rates may vary. As a result, our ability to successfully develop and commercialize our drug candidates remains an important factor that will shape our results of operations in the coming years.

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Our Ability to Control Our Operating Expenses and Improve Efficiency

Our results of operations are vastly affected by our ability to manage operating expenses while maintaining the pace of our R&D activities. During the Track Record Period, we recorded total operating expenses (including selling and distribution expenses, general and administrative expenses, and research and development expenses) of RMB86.9 million in 2024 and RMB78.7 million in 2025. The decrease in 2025 was primarily attributable to our proactive measures to manage operating expenses and enhance operational efficiency, including a resource integration across administrative functions to better align with our strategic priorities and to support sustainable business growth.

Our selling and distribution expenses increased from RMB0.03 million in 2024 to RMB0.9 million in 2025, reflecting our strategic decision to invest in sales capabilities to grow our AKK AM06™ and research and development service businesses. As we expand our business development activities, we expect selling expenses to continue to increase. At the same time, we will continue to monitor our cost structure and implement efficiency measures where appropriate.

Looking ahead, we expect our expense structure to evolve as we transition from a clinical-stage company toward commercialization. We anticipate increases in selling and marketing expenses as we prepare for product launches, as well as increases in general and administrative expenses due to the costs of operating as a public company. Our ability to balance these competing priorities, investing in growth while controlling expenses, will have a notable impact on our results of operations in the near to medium term. We believe that our disciplined approach to implement expense management measures, combined with our focus on achieving key development milestones, will help us maintain financial stability as we progress toward becoming a commercial-stage biopharmaceutical company.

Our Ability to Grow Revenue from Our Research and Development Services and AKK AM06™ Raw Material Businesses

While we have not yet generated revenue from the commercial sale of our drug candidates, our results of operations during the Track Record Period were also affected by our ability to generate and grow revenue from the provision of research and development services and the sales of NGP raw material products. In 2024 and 2025, we recorded an aggregate revenue of RMB0.7 million and RMB2.4 million, representing an increase of 233.8%.

Revenue from the provision of research and development services increased from RMB0.4 million in 2024 to RMB1.9 million in 2025, with its share of our total revenue increasing from 54.2% to 78.1%. This growth was primarily attributable to our intensified market development efforts in 2025 and the signing of new orders with additional customers. Revenue from the sales of NGP raw material products increased from RMB0.3 million in 2024 to RMB0.5 million in 2025, primarily due to increased sales volumes driven by the expansion of our direct sales channels.

Currently, these businesses are still in an early stage of development. Most of our orders to date have been relatively small and sporadic, and we have not yet realized significant economies of scale. While we expect revenue from these businesses to continue growing as we expand our customer base and increase order volumes, our period-to-period revenue may continue to fluctuate, and there can be no assurance that such growth will materialize or be sustained. Therefore, our ability to further grow these revenue streams will remain an important factor affecting our results of operations.

Our Ability to Secure Adequate Funding and Manage Capital Resources

During the Track Record Period, we recorded net cash used in operating activities of RMB45.0 million in 2024 and RMB22.7 million in 2025. To fund our operations, we have relied primarily on equity financing from investors. In 2024, we completed Series C financing rounds, receiving RMB77.0 million in capital contributions by investors, which significantly strengthened our cash position. In addition, we fully repaid our bank loan during 2025 and had no bank loan outstanding as of December 31, 2025, providing us with the financial flexibility to navigate future challenges. As of December 31, 2025, we had cash and cash equivalents of RMB74.1 million, which we believe is sufficient to support our ongoing R&D

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activities, clinical trials, and general operations. Nevertheless, the narrowing of our operating cash outflows during the Track Record Period may not reflect future trends, as our cash requirements are expected to fluctuate depending on the progress and scale of our clinical development programs.

On the other hand, the availability and cost of funding are influenced by factors beyond our control, including general market conditions, investor sentiment toward the biopharmaceutical sector, and the perceived risk profile of our product pipeline. Any deterioration in market conditions or a decline in investor confidence in our development programs could make it more difficult or more expensive to raise additional capital, which could in turn affect our ability to fund our planned R&D activities and clinical trials.

Going forward, in the event of the successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with revenue generated from sales of our commercialized drug products. We expect to fund our future operations primarily with existing cash and cash equivalents, income derived from the provision of our research and development services and the sales of NGP raw material products, as well as [REDACTED] from the [REDACTED]. Upon the successful commercialization of one or more of our drug candidates, we expect to further complement the funding for our operations with revenue generated from sales of our commercialized drug products. However, with the continuing expansion of our business, we may require further funding through public or private equity offerings, debt financing, or other sources. Any shortfall in funding could require us to delay, scale back, or eliminate certain development programs, which would adversely affect our future revenue prospects and financial performance. See “— Liquidity and Capital Resources” for more details.

Macroeconomic Conditions and Market Demand

Our business prospects are subject to the broader macroeconomic and industry conditions that affect the biopharmaceuticals sector in China and globally. The biopharmaceuticals industry in China has experienced rapid growth in recent years, driven by supportive government policies, increasing healthcare expenditure, and growing demand for innovative therapies. The PRC government has identified our industry as a strategic emerging industry and has introduced various initiatives to promote innovation, including accelerated regulatory approval pathways, increased funding, and tax incentives for R&D activities. However, the industry also faces challenges, including intense competition for talent, rising R&D costs, and the inherent uncertainty of drug development. Our results of operations are influenced by our ability to navigate these industry dynamics effectively and to compete with other biopharmaceuticals companies for resources, talent, and market share.

Regulatory developments represent a significant industry factor affecting our business operations. The LBP and NGP sectors are relatively nascent in China, and regulatory frameworks continue to evolve. The NMPA has shown increasing support for second-generation LBPs, as evidenced by its approval of our SK08 clinical trials. However, changes in regulatory policies, including those related to clinical trial requirements, drug approval processes, pricing, and reimbursement, could affect the timing and cost of our development programs and the commercial prospects of our product candidates. Additionally, the inclusion of our products in the NRDL is subject to government discretion and annual negotiations, which could result in pricing pressure. While we intend to actively engage with regulatory authorities and seek favorable policies, the direction and pace of regulatory changes remain beyond our control and may affect our financial performance.

In addition, the increasing prevalence of chronic diseases, growing awareness of gut microbiota and its role in health and disease, and the shift toward personalized medicine are creating new opportunities for LBPs and NGPs. However, healthcare cost containment measures, including volume-based procurement policies and price controls on pharmaceutical products, could affect the pricing and market access of our products upon commercialization. The COVID-19 pandemic has also demonstrated the potential for unexpected public health events to disrupt clinical trials, supply chains, and healthcare systems. The extent to which we successfully navigate these industry trends and external uncertainties will remain a key determinant of our financial condition and results of operations.

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MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. During the Track Record Period, there was no material deviation between our management’s estimates or assumptions and actual results, and we did not make any material changes to these estimates or assumptions.

Material Accounting Policies

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii) to the Accountants’ Report in Appendix I to this Document).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss as follows:

Machinery	3-10 years
Office equipment and furniture	3-5 years
Leasehold improvements	4-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible Assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and our Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by our Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and any accumulated impairment losses (see Note 2(h)(ii) to the Accountants’ Report in Appendix I to this Document).

Revenue

Income is classified by our Group as revenue when it arises from the provision of services or the sale of goods in the ordinary course of our Group’s business.

Revenue is recognized when control over the service or good is transferred to the customer, at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. In particular, revenue excludes value added tax and is after deduction of any trade discounts.

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Further details of our Group’s income recognition policies are as follows:

(i) Revenue from provision of research and development services

For provision of research and development services, contracts with customers may contain more than one performance obligations. For such arrangements, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Revenue is recognized at the allocated amounts at a point in time upon satisfaction of the individual performance obligations.

(ii) Sales of products

Revenue arising from the sale of goods is recognized when control of the goods has transferred according to respective agreed terms of delivery.

Share-based Payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the equity allocation method, of which underlying equity value is measured using the discounted cash flow method, taking into account any transfer restrictions imposed on the vested equity instruments or using comparable transaction approach with reference to the subscription prices at our Company’s most recent fundraising transactions. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

Accounting Judgement and Estimates

Research and Development Expenses

Development expenses incurred are capitalized only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our Group’s intention to complete and our Group’s ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the research and development and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalization. All development expenses were expensed when incurred during the Track Record Period.

Recognition of Deferred Tax Assets

Deferred tax assets in respect of tax losses and deductible temporary differences can only be recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Therefore, management’s judgment is required to assess the probability of future taxable profits. Management’s assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

For more details of our material accounting policies and accounting judgments and estimates, see Note 2 and Note 3 to the Accountants’ Report in Appendix I to this Document.

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OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts for the years indicated.

	For the Years Ended December 31,	
	2024	2025
	RMB'000	RMB'000
Revenue	721	2,407
Cost of revenue	(423)	(2,176)
Gross profit	298	231
Other net income	23,267	9,455
Selling and distribution expenses	(32)	(875)
General and administrative expenses	(19,307)	(15,838)
Research and development expenses	(67,570)	(61,941)
Credit loss on trade and other receivables	(145)	(5)
Loss from operations	(63,489)	(68,973)
Finance costs	(509)	(420)
Loss before taxation	(63,998)	(69,393)
Income tax expense	—	—
Loss and total comprehensive income for the year	(63,998)	(69,393)
Attributable to:		
Equity shareholders of the Company	<u>(63,998)</u>	<u>(69,393)</u>
Loss per share		
Basic and diluted (RMB)	<u>(2.33)</u>	<u>(2.47)</u>

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from (i) the provision of research and development services including CRO/CDMO services; and (ii) the sales of NGP raw material products. Our revenue amounted to RMB0.7 million and RMB2.4 million in 2024 and 2025, respectively.

The table below sets out a breakdown of our total revenue by service/product for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Revenue from provision of research and development services	391	54.2	1,881	78.1
Sales of NGP raw material products	330	45.8	526	21.9
Total	<u>721</u>	<u>100.0</u>	<u>2,407</u>	<u>100.0</u>

Cost of Revenue

During the Track Record Period, our cost of revenue primarily consisted of staff cost, cost of materials and consumables, depreciation and amortization, and utilities. Our cost of revenue increased from RMB0.4 million in 2024 to RMB2.2 million in 2025, which was primarily attributable to the corresponding increase in our revenue.

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The following table sets forth a breakdown of our cost of revenue by service/product in absolute amounts and as percentages of total cost of revenue for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Cost of revenue in relation to provision of research and development services	328	77.5	1,824	83.8
Cost of revenue in relation to sales of NGP raw material products . . .	95	22.5	352	16.2
Total	<u>423</u>	<u>100.0</u>	<u>2,176</u>	<u>100.0</u>

The following table sets forth a breakdown of our cost of revenue by nature in absolute amounts and as percentages of total cost of revenue for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Staff costs	180	42.6	821	37.7
Cost of materials and consumables . .	117	27.7	448	20.6
Depreciation and amortization	62	14.7	456	21.0
Utilities	50	11.8	214	9.8
Others	14	3.2	237	10.9
Total	<u>423</u>	<u>100.0</u>	<u>2,176</u>	<u>100.0</u>

Gross Profit and Gross Profit Margin

During the Track Record Period, our gross profit represents our revenue less our cost of revenue. Our gross profit margin represents our gross profit as a percentage of our revenue. We recorded gross profit of RMB0.3 million and RMB0.2 million in 2024 and 2025, with gross profit margin of 41.3% in 2024 and 9.6% in 2025. The decline in gross profit margin was primarily due to a shift in our revenue mix towards research and development services, which accounted for a higher proportion of revenue in 2025. As we actively expanded our client base of the research and development services in the early stage of business development, the initial orders were relatively small and sporadic, resulting in limited economies of scale and a gross margin of 3.0% for our research and development services in 2025.

The following table sets forth our gross profit generated from different business segments and their corresponding gross profit margin for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Revenue from provision of research and development services	63	16.1	57	3.0
Sales of NGP raw material products .	235	71.2	174	33.1
Total	<u>298</u>	<u>41.3</u>	<u>231</u>	<u>9.6</u>

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Other Net Income

In 2024 and 2025, our other net income was RMB23.3 million and RMB9.5 million, respectively.

During the Track Record Period, our other net income primarily consisted of government grants (including amortization of deferred income), investment income from other investments, losses on disposal of property, plant and equipment, gain relating to cancellation of lease contract, interest income from bank deposits, and others. The decrease in other net income from 2024 to 2025 was primarily attributable to a reduction in government grants recorded, reflecting the discretionary and uncertain nature of government funding, as well as a decline in investment income resulting from reduced cash balances available for investment in structured deposits.

The following table sets forth a breakdown of our other net income both in absolute amount and as a percentage of our total other net income for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Government grants (including amortization of deferred income) . .	21,970	94.4	8,164	86.4
Investment income from other investments	1,341	5.8	740	7.8
Losses on disposal of property, plant and equipment	(115)	(0.5)	(10)	(0.1)
Gain relating to cancellation of lease contract	—	—	313	3.3
Interest income from bank deposits . .	245	1.0	247	2.6
Others	(174)	(0.7)	1	0.0
Total	23,267	100.0	9,455	100.0

Selling and Distribution Expenses

Our selling and distribution expenses were RMB0.03 million and RMB0.9 million in 2024 and 2025 respectively, and primarily consisted of staff costs, travel expenses, marketing expenses and others.

General and Administrative Expenses

Our general and administrative expenses consisted of staff costs, professional service fees, depreciation and amortization, and others.

The following table sets forth a breakdown of our general and administrative expenses both in absolute amount and as a percentage of our total general and administrative expenses for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Staff costs	7,149	37.0	5,677	35.8
Equity-settled share-based payment expenses	4,443	23.0	4,685	29.6
Professional service fees	2,582	13.3	2,478	15.7
Depreciation and amortization	2,018	10.5	1,190	7.5
Office and miscellaneous expense . . .	1,883	9.8	1,295	8.2
Others ⁽¹⁾	1,232	6.4	513	3.2
Total	19,307	100.0	15,838	100.0

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Note:

- (1) Others mainly include property management expenses and various government levies.

Research and Development Expenses

Our research and development expenses consisted of staff costs, third-party contracting costs, depreciation and amortization, and others.

The following table sets forth a breakdown of our research and development expenses both in absolute amount and as a percentage of our total research and development expenses for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Staff costs	15,397	22.8	11,713	18.9
Equity-settled share-based payment expenses	11,295	16.7	11,630	18.8
Third-party contracting costs	23,717	35.1	23,623	38.1
Depreciation and amortization	10,535	15.6	9,849	15.9
Others ⁽¹⁾	6,626	9.8	5,126	8.3
Total	67,570	100.0	61,941	100.0

Note:

- (1) Others mainly include utility, cost of materials, consumables and technical service expenses.

With respect to the research and development expenses incurred for our Core Product, we recorded RMB44.5 million and RMB43.6 million in 2024 and 2025, respectively, accounting for 51.2% and 55.5% of our total operating expenses (including research and development expenses, general and administrative expenses, and selling and distribution expenses) in the PRC and overseas in the corresponding years. With respect to the research and development expenses incurred for our key product, we recorded RMB7.4 million and RMB5.8 million in 2024 and 2025, respectively, accounting for 8.5% and 7.4% of our total operating expenses (research and development expenses, general and administrative expenses, and selling and distribution expenses) in the PRC and overseas in the corresponding years. The decrease of research and development expenses for our Core Product and key product during the Track Record Period was primarily attributable to a reduction in staff costs due to structural optimization, as we channel resources into Core Product development and enhancing operational efficiency.

Our third-party contractors primarily consist of CROs, SMOs and hospitals as trial sites. The following table summarizes a breakdown of our third-party contracting costs by type of contractors for the years indicated.

	For the Years Ended December 31,	
	2024	2025
	RMB'000	RMB'000
CRO	11,139	9,980
SMO	2,662	2,937
Hospital	9,916	10,706
Total	23,717	23,623

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Credit Loss on Trade and Other Receivables

Our credit loss on trade and other receivables primarily consisted of expected credit losses on other receivables. Our credit loss on trade and other receivables were RMB0.1 million and RMB5,000 in 2024 and 2025, respectively.

Finance Costs

Our finance costs primarily consisted of interests on bank loan and interests on lease liabilities. Our finance costs were RMB0.5 million and RMB0.4 million in 2024 and 2025, respectively.

The following table sets forth a breakdown of our finance costs both in absolute amount and as a percentage of our total finance costs for the years indicated:

	For the Years Ended December 31,			
	2024		2025	
	RMB'000	%	RMB'000	%
Interests on bank loan	33	6.5	32	7.6
Interests on lease liabilities	476	93.5	388	92.4
Total	<u>509</u>	<u>100.0</u>	<u>420</u>	<u>100.0</u>

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the countries or jurisdictions in which members of our Group are domiciled and operate. Under the Law of the PRC on Enterprise Income Tax, or the EIT Law, and Implementation Regulation of the EIT Law, the EIT rate of our Company was 25% during the Track Record Period. Certain of our PRC subsidiaries fulfilled the criteria for small and low profit-making enterprises in the PRC and were entitled to a preferential income tax rate of 5% on the first RMB3.0 million taxable income in 2024 and 2025. In addition, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the EIT Law and relevant regulations.

As a result, we did not record any income tax expenses during the Track Record Period. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had no outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 233.8% from RMB0.7 million in 2024 to RMB2.4 million in 2025. The increase in our revenue was primarily driven by an increase in revenue from the provision of research and development services from RMB0.4 million in 2024 to RMB1.9 million in 2025, which was largely attributable to our intensified market development efforts in 2025 and the signing of new orders with additional customers. Revenue from the sales of NGP raw material products also increased by 59.4% from RMB0.3 million in 2024 to RMB0.5 million in 2025, primarily due to increased sales volumes.

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Cost of Revenue

Our cost of revenue increased by 414.4% from RMB0.4 million in 2024 to RMB2.2 million in 2025. The increase in our cost of revenue was primarily attributable to the significant growth in our revenue from provision of research and development services.

Gross Profit

Our gross profit decreased from RMB0.3 million in 2024 to RMB0.2 million in 2025. Our gross profit margin decreased significantly from 41.3% in 2024 to 9.6% in 2025. The decrease is primarily due to a shift in our revenue mix towards research and development services, which accounted for a higher proportion of revenue in 2025. As we actively expanded our client base of the research and development services in the early stage of business development, we strategically accepted smaller, lower-margin orders to attract new clients and expand our market reach, resulting in limited economies of scale and a gross margin of 3.0% for our research and development services in 2025.

Other Net Income

Our other net income decreased by 59.4% from RMB23.3 million in 2024 to RMB9.5 million in 2025. The decrease was primarily attributable to a reduction in government grants (including amortization of deferred income) from RMB22.0 million in 2024 to RMB8.2 million in 2025, reflecting the discretionary and uncertain nature of government grant disbursements.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 2,634% from RMB0.03 million in 2024 to RMB0.9 million in 2025. The increase was primarily attributable to our intensified market development efforts in 2025 to expand our research and development services and NGP raw material product businesses. As a result, we incurred additional staff costs for sales personnel transferred internally and newly hired sales personnel, as well as increased exhibition and conference fees and travel expenses associated with client outreach and business development activities.

General and Administrative Expenses

Our general and administrative expenses decreased by 18.0% from RMB19.3 million in 2024 to RMB15.8 million in 2025, primarily due to: (i) a decrease in staff costs of RMB1.5 million, as we implemented measures to improve operational efficiency commencing in late 2024, resulting in a streamlining of administrative headcount and an adjustment to performance bonuses; and (ii) cost-saving measures on office, travel and miscellaneous expenses.

Research and Development Expenses

Our research and development expenses decreased by 8.3% from RMB67.6 million in 2024 to RMB61.9 million in 2025, primarily attributable to a reduction in staff costs of RMB3.7 million due to structural optimization, as we channel resources into Core Product development and enhancing operational efficiency. Going forward, we intend to prioritize R&D spending on the SK08 and SK10 pipelines, and expect overall research and development expenses to grow steadily as multiple pipeline programs advance.

Credit Loss on Trade and Other Receivables

Our credit loss on trade and other receivables primarily represents expected credit losses on other receivables. Our credit loss on trade and other receivables were RMB0.1 million and RMB5,000 in 2024 and 2025, respectively.

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Finance Costs

Our finance costs decreased by 17.5% from RMB0.5 million in 2024 to RMB0.4 million in 2025, primarily due to the cancellation of a lease during the year. Interest on bank loans remained broadly stable at RMB0.03 million in both 2024 and 2025.

Income Tax Expense

We did not record any income tax expenses during the Track Record Period.

Loss and Total Comprehensive Income for the Year

As a result of the foregoing, our loss for the year increased from RMB64.0 million in 2024 to RMB69.4 million in 2025.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,	
	2024	2025
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	25,157	17,049
Right-of-use assets	9,764	6,038
Intangible assets	173	105
Prepayments	127	—
Total non-current assets	35,221	23,192
CURRENT ASSETS		
Inventories and contract costs	2,351	4,861
Trade receivables	18	19
Prepayments and other receivables	17,304	4,206
Other investments	10,008	—
Cash and cash equivalents	92,353	74,081
Total current assets	122,034	83,167
CURRENT LIABILITIES		
Trade and other payables	11,855	16,603
Contract liabilities	1,419	5,298
Bank loan	2,002	—
Lease liabilities	4,466	2,770
Total current liabilities	19,742	24,671
NET CURRENT ASSETS	102,292	58,496
TOTAL ASSETS LESS CURRENT LIABILITIES	137,513	81,688

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	As of December 31,	
	2024	2025
	RMB'000	RMB'000
NON-CURRENT LIABILITIES		
Deferred income	3,146	2,952
Lease liabilities	6,625	4,072
Total non-current liabilities	9,771	7,024
NET ASSETS	127,742	74,664
CAPITAL AND RESERVES		
Paid-in/share capital	30,104	30,104
Reserves	97,638	44,560
TOTAL EQUITY	127,742	74,664

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of laboratory machinery and equipment used for R&D, testing and production, office equipment and furniture, and improvements to our laboratory, plant and office premises.

The following table sets forth a breakdown of the book value of our property, plant and equipment as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	RMB'000
Machinery	15,154	11,999
Office equipment and furniture	258	187
Leasehold improvements	9,745	4,863
Total	25,157	17,049

Our property, plant and equipment decreased from RMB25.2 million as of December 31, 2024 to RMB17.0 million as of December 31, 2025, primarily due to depreciation of laboratory machinery and equipment as well as leasehold improvements.

Right-of-Use Assets

Our right-of-use assets primarily consisted of leased laboratory and office premises in Guangzhou, Guangdong Province and Qingyuan, Guangdong Province. Our right-of-use assets decreased from RMB9.8 million as of December 31, 2024 to RMB6.0 million as of December 31, 2025, primarily due to depreciation charges recognized during 2025 and the early termination of a lease contract.

Intangible Assets

Our other intangible assets primarily consisted of externally purchased software licenses. Our other intangible assets decreased from RMB0.2 million as of December 31, 2024 to RMB0.1 million as of December 31, 2025, primarily due to amortization recognized during 2025, with no significant additions in the year.

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Inventories and Contract Costs

Our inventories and contract costs primarily consisted of raw materials and consumables, work in progress, finished goods and costs to fulfil contracts. Our inventories and contract costs increased from RMB2.4 million as of December 31, 2024 to RMB4.9 million as of December 31, 2025, primarily due to an increase in costs to fulfil contracts from RMB0.8 million to RMB3.1 million.

The table below sets forth our inventories and contract costs by nature as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	RMB'000
Inventories		
Raw materials and consumables	855	681
Work in progress	197	–
Finished goods	518	1,073
	<u>1,570</u>	<u>1,754</u>
Contract costs		
Costs to fulfil contracts	781	3,107
Total	<u>2,351</u>	<u>4,861</u>

Trade Receivables

Our trade receivables primarily arose from amounts due from customers in respect of research and development services and sales of NGP raw material products. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	RMB'000
Trade receivables	18	19
Total	<u>18</u>	<u>19</u>

Our trade receivables remained broadly stable at RMB18 thousand as of December 31, 2024 and RMB19 thousand as of December 31, 2025, as our sales were predominantly conducted on an advance-payment basis, with credit sales representing only a small portion of total transactions.

We typically require our customers to settle on a prepayment basis, with credit terms of approximately 30 days extended only to selected customers. The following table sets forth the aging analysis of our trade receivables based on the invoice date as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	RMB'000
Within 3 months	18	19
Total	<u>18</u>	<u>19</u>

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The following table sets forth our trade receivables turnover days for the years indicated:

	For the Years Ended December 31,	
	2024	2025
Total turnover days ⁽¹⁾	5	3

Note:

- (1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a year, divided by the corresponding total revenue for the same year, multiplied by the number of days in such year.

Our trade receivables turnover days decreased from five days in 2024 to three days in 2025, primarily because our major customer settled its balances on a prepayment basis with credit sales accounting for only a minor portion of our revenue, resulting in a low and stable trade receivables balance throughout the Track Record Period.

As of April 30, 2026, RMB0.02 million, or 100.0%, of our trade receivables as of December 31, 2025, had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade receivables.

Prepayments and Other Receivables

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

	As of December 31,	
	2024	2025
	RMB'000	RMB'000
Non-current		
Prepayment for property, plant and equipment	127	—
Current		
Other receivables	255	196
Financial assets measured at amortized cost	255	196
Prepaid expenses	5,270	3,330
Value-added tax recoverable	11,779	680
Total	17,304	4,206

During the Track Record Period, our prepayments and other receivables consisted of prepaid expenses, value-added tax recoverable and other receivables. Our prepayments and other receivables decreased from RMB17.3 million as of December 31, 2024 to RMB4.2 million as of December 31, 2025, primarily due to (i) a decrease in value-added tax recoverable from RMB11.8 million to RMB0.7 million, as we received a VAT refund of RMB12.3 million in 2025; and (ii) a decrease in prepaid expenses from RMB5.3 million to RMB3.3 million, primarily reflecting the recognition of clinical service expenses for our SK08 Phase III trial as actual patient enrolment progressed against the upfront milestone payments made to clinical service providers.

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During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our other receivables and prepayments.

Other Investments

Our other investments primarily comprised investments in bank structured deposits. Our other investments decreased from RMB10.0 million as of December 31, 2024 to nil as of December 31, 2025, as the structured deposits held at the end of 2024 matured during 2025 and we did not hold any structured deposits as of December 31, 2025.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash on hand and cash at bank. Our cash and cash equivalents decreased from RMB92.4 million as of December 31, 2024 to RMB74.1 million as of December 31, 2025, primarily due to (i) net cash used in operating activities of RMB22.7 million, principally reflecting funding of our R&D activities and general and administrative expenses; and (ii) repayment of our RMB2.0 million short-term bank loan and payments of lease liabilities, partially offset by the redemption of our RMB10.0 million structured deposits upon maturity.

Trade and Other Payables

Our trade and other payables primarily consisted of trade payables to suppliers, payroll payables and other payables and accruals. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31	
	2024	2025
	RMB'000	RMB'000
Trade payables	3,567	7,894
Payroll payables	2,407	2,830
Other payables and accruals	1,331	1,329
Deposit liabilities recognized under employee incentive schemes	4,550	4,550
Total	11,855	16,603

Our trade and other payables increased from RMB11.9 million as of December 31, 2024 to RMB16.6 million as of December 31, 2025, primarily due to an increase in payables to CRC institutions, hospitals and other third-party service providers engaged for the SK08 Phase III clinical trial, reflecting amounts payable based on actual patient enrollment progress as of December 31, 2025. We were typically granted credit terms of approximately 30 days for trade payables from suppliers, with payments to hospitals and certain clinical-trial counterparties typically settled on a prepayment or milestone basis.

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

	As of December 31	
	2024	2025
	RMB'000	RMB'000
Within 3 months	3,486	7,865
Over 3 months but within 6 months	29	1
Over 6 months	52	28
Total	<u>3,567</u>	<u>7,894</u>

As of April 30, 2026, RMB3.3 million, or 41%, of our trade payables as of December 31, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade and other payables.

Contract Liabilities

Our contract liabilities represented advances received from customers for research and development services that had not yet been recognized as revenue. Our contract liabilities increased from RMB1.4 million as of December 31, 2024 to RMB5.3 million as of December 31, 2025, primarily due to an increase in advance payments received from customers resulting from the growth in newly signed research and development service engagements in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

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

	As of December 31		As of April 30
	2024	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets:			
Inventories and contract costs	2,351	4,861	5,036
Trade receivables	18	19	216
Prepayments and other receivables	17,304	4,206	5,862
Other investments	10,008	–	30,000
Cash and cash equivalents	92,353	74,081	49,065
Total current assets	<u>122,034</u>	<u>83,167</u>	<u>90,179</u>
Current liabilities:			
Trade and other payables	11,855	16,603	14,694
Contract liabilities	1,419	5,298	7,559
Bank loan	2,002	–	–
Lease liabilities	4,466	2,770	2,073
Total current liabilities	<u>19,742</u>	<u>24,671</u>	<u>24,326</u>
Net current assets	<u>102,292</u>	<u>58,496</u>	<u>65,853</u>

We had net current assets as of December 31, 2024 and December 31, 2025. Our net current assets decreased from RMB102.3 million as of December 31, 2024 to RMB58.5 million as of December 31, 2025, primarily reflecting (i) a decrease in cash and cash equivalents of RMB18.3 million as we continued

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to fund our R&D activities and general and administrative expenses; (ii) a decrease in prepayments and other receivables of RMB13.1 million primarily due to the receipt of a VAT refund of RMB12.3 million in November 2025 and the utilization of prepayments for our SK08 Phase III clinical trial; (iii) the maturity and full redemption of our structured deposits of RMB10.0 million and (iv) an increase in trade and other payables of RMB4.8 million primarily due to an increase in payables for the SK08 Phase III clinical trial.

As of April 30, 2026, we had net current assets of RMB65.9 million, as compared to RMB58.5 million as of December 31, 2025, primarily due to an increase in other investments in structure deposits with proceeds from the completion of Series C-3 financing, partially offset by a decrease in cash and cash equivalents for continued funding in R&D activities.

Cash Flows

Our primary use of cash during the Track Record Period was to fund R&D activities for our drug candidates, general and administrative expenses and other recurring expenses. During the Track Record Period and up to the Latest Practicable Date, we primarily funded our working capital requirements through equity financing from investors. Our management closely monitors use of cash and cash equivalents and strives to maintain a healthy liquidity for our operations. As of December 31, 2024, and December 31, 2025, we had cash and cash equivalents of RMB92.4 million and RMB74.1 million, respectively.

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

	For the Years Ended December 31,	
	2024	2025
	RMB'000	RMB'000
Net cash used in operating activities	(45,013)	(22,676)
Net cash generated from investing activities	21,367	10,475
Net cash generated from/(used in) financing activities	77,642	(6,071)
Net increase/(decrease) in cash and cash equivalents	53,996	(18,272)
Cash and cash equivalents at the beginning of the year . . .	38,357	92,353
Cash and cash equivalents at the end of the year	92,353	74,081

Net Cash Used in Operating Activities

In 2025, net cash used in operating activities was RMB22.7 million, primarily attributable to our loss before taxation of RMB69.4 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of equity-settled share-based payment expenses, depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets; and (ii) changes in working capital, which primarily resulted from a decrease in prepayments and other receivables of RMB13.1 million (primarily reflecting the receipt of a VAT refund of RMB12.3 million in 2025), an increase in trade and other payables of RMB4.7 million (primarily reflecting an increase in payables for the SK08 Phase III clinical trial), and an increase in contract liabilities of RMB3.9 million (primarily reflecting advances from research and development services).

In 2024, net cash used in operating activities was RMB45.0 million, primarily attributable to our loss before taxation of RMB64.0 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of equity-settled share-based payment expenses, depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets; and (ii) changes in working capital, which primarily resulted from an increase in prepayments and other receivables and an increase in input VAT receivable, partially offset by an increase in trade and other payables (primarily reflecting an increase in payables for the SK08 Phase III clinical trial).

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Net Cash Generated from Investing Activities

In 2025, net cash generated from investing activities was RMB10.5 million, primarily attributable to the redemption of structured deposits upon maturity, partially offset by purchases of laboratory machinery and equipment and leasehold improvements for our leased premises.

In 2024, net cash generated from investing activities was RMB21.4 million, primarily attributable to net proceeds from the disposal and maturity of structured deposits and interest income received from other investments, partially offset by purchases of laboratory machinery and equipment and leasehold improvements.

Net Cash Generated from/(Used in) Financing Activities

In 2025, net cash used in financing activities was RMB6.1 million, primarily attributable to the payments of principal and interest portions of lease liabilities and the repayments of a short-term bank loan of RMB2.0 million upon maturity (which we did not renew).

In 2024, net cash generated from financing activities was RMB77.6 million, primarily attributable to proceeds of RMB77.0 million from capital contributions by investors and proceeds of RMB2.0 million from a short-term bank loan, partially offset by payments of principal and interest portions of lease liabilities.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years indicated:

	For the Years Ended December 31,	
	2024	2025
	RMB'000	RMB'000
Research and development costs for Core Product		
Staff costs	7,361	5,188
Third-party contracting costs	19,887	20,868
Cost of materials and consumables	765	463
Utilities	1,452	893
Others	1,378	1,068
Subtotal	30,843	28,480
Research and development costs for other product candidates		
Staff costs	8,097	6,504
Third-party contracting costs	3,831	2,755
Cost of materials and consumables	834	1,137
Utilities	1,436	1,229
Others	517	357
Subtotal	14,715	11,982
Total research and development costs	45,558	40,462
Workforce employment costs⁽¹⁾	7,329	6,835
Direct production costs⁽²⁾	181	899
Non-income taxes, royalties and other governmental charges	64	20
Total	53,132	48,216

Notes:

- (1) Workforce employment cost represents total non-research and development personnel costs mainly including salaries and benefits.
- (2) We had not commenced commercial manufacturing of our LBPs as of the Latest Practicable Date.

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INDEBTEDNESS

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

	As of December 31, <u>2024</u>	As of December 31, <u>2025</u>	As of April 30, <u>2026</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current			
Bank loan – unsecured and unguaranteed	2,002	–	–
Lease liabilities	4,466	2,770	2,073
Non-current			
Lease liabilities	6,625	4,072	3,682
Total	<u>13,093</u>	<u>6,842</u>	<u>5,755</u>

Bank Loan

As of December 31, 2024 and 2025, we had bank loans of RMB2.0 million and nil, respectively. The RMB2.0 million unsecured and unguaranteed short-term bank loan in 2024 was used to supplement our daily working capital and was fully repaid upon maturity in 2025, and we did not renew it.

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

	As of December 31, <u>2024</u>	As of December 31, <u>2025</u>	As of April 30, <u>2026</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current			
Unsecured and unguaranteed short-term bank loan	2,002	–	–
Total	<u>2,002</u>	<u>–</u>	<u>–</u>

As of April 30, 2026, we had committed unutilized banking facilities of RMB20.0 million.

The following table sets forth the maturity profile of our borrowings as of the dates indicated based on contractual undiscounted payments:

	As of December 31, <u>2024</u>	As of December 31, <u>2025</u>	As of April 30, <u>2026</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Within 1 year or on demand	2,002	–	–
Total	<u>2,002</u>	<u>–</u>	<u>–</u>

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Lease Liabilities

As of December 31, 2024 and 2025 and April 30, 2026, we had lease liabilities of RMB11.1 million, RMB6.8 million and RMB5.8 million, respectively.

The following table sets out our lease liabilities as of the dates indicated.

	As of December 31, <u>2024</u>	As of December 31, <u>2025</u>	As of April 30, <u>2026</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Current lease liabilities	4,466	2,770	2,073
Non-current lease liabilities	6,625	4,072	3,682
Total	<u>11,091</u>	<u>6,842</u>	<u>5,755</u>

Our lease liabilities decreased from RMB11.1 million as of December 31, 2024 to RMB6.8 million as of December 31, 2025, primarily due to (i) the early termination of a leased premise; and (ii) the recurring repayment of principal and interest under our remaining leases. Our lease liabilities decreased from RMB6.8 million as of December 31, 2025 to RMB5.8 million as of April 30, 2026, primarily due to the recurring repayment of principal and interest under our lease agreements.

The following table sets forth the maturity profile of our lease liabilities as of the dates indicated:

	As of December 31, <u>2024</u>	As of December 31, <u>2025</u>	As of April 30, <u>2026</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Within 1 year	4,466	2,770	2,073
After 1 year but within 2 years	4,095	1,180	1,190
After 2 years but within 5 years	<u>2,530</u>	<u>2,892</u>	<u>2,492</u>
Total	<u>11,091</u>	<u>6,842</u>	<u>5,755</u>

Except as disclosed in the tables above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2026. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since April 30, 2026 and up to the date of this Document.

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 our Group 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.

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COMMITMENTS

As of December 31, 2024 and 2025, we did not have material commitments outstanding and not provided for in our historical financial information.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into the material related party transaction comprising key management personnel remuneration.

Remuneration for key management personnel of our Group, including amounts paid to our Directors and supervisors, amounted to RMB16.0 million and RMB17.1 million in 2024 and 2025, respectively, comprising salaries, allowances and other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments. See Note 27 to the Accountants’ Report in Appendix I to this Document for further details. Our Directors are of the view that such related party transactions and balances did not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	As of the Years Ended December 31,	
	2024	2025
Quick ratio ⁽¹⁾	6.1	3.2
Current ratio ⁽²⁾	6.2	3.4

Notes:

- (1) Represents current assets less inventories and contract costs divided by current liabilities as of the same date.
- (2) Current ratio is calculated based on the current assets divided by current liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

CONTINGENT LIABILITIES

As of December 31, 2024 and 2025, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities since December 31, 2025, to the date of this Document.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily consisted of payments for purchase of property, plant and equipment. Our capital expenditures were RMB0.4 million and RMB0.5 million in 2024 and 2025, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See “Future Plans and Use of [REDACTED] — Use of [REDACTED].” We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities and net [REDACTED] from the [REDACTED].

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QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. Our management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. For details, see Note 25 to the Accountants’ Report in Appendix I to this Document.

DIVIDENDS AND DIVIDEND POLICY

We did not declare or pay any dividend during the Track Record Period. We do not currently have a formal dividend policy or a pre-determined dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in the PRC. As advised by our PRC Legal Advisor, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits; and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this Document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

DISTRIBUTABLE RESERVES

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

WORKING CAPITAL SUFFICIENCY

Taking into account the estimated net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents, and considering our cash burn rate, our Directors are of the view that we have sufficient working capital to cover at least 125% of our costs, including research and development expenses and general and administrative expenses and for at least the next 12 months from the date of this Document.

Cash Burn

Our cash burn rate refers to our average monthly amount of net cash used in operating activities, capital expenditures, and other scheduled cash payments. Assuming an average cash burn rate going forward of 4.2 times the level in 2025, taking into account the scheduled payment of indebtedness, we estimate that our cash at bank and on hand, together with other investments as of April 30, 2026 will be able to maintain our financial viability for 9 months, or, if we also take into account the estimated net [REDACTED] (based on the [REDACTED] of HK\$[REDACTED] per Share), 54 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development progress.

We currently have no immediate plan for future financing after the [REDACTED] considering our available cash, estimated net [REDACTED] from the [REDACTED] and based on our cash burn rate. However, with the continuing expansion of our business and development of our products, we may require further funding through public or private equity offerings, debt financing and other sources. We will comply with the applicable laws and regulations, including requirements under the Listing Rules, when we proceed with such financings.

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[REDACTED] EXPENSE

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this Document), the [REDACTED], [REDACTED], together with the Stock Exchange [REDACTED] fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]), of which RMB[REDACTED] are expected to be charged to our consolidated statements of profit or loss and other comprehensive income in 2026, and RMB[REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] expenses consist of RMB[REDACTED]-related expenses and RMB[REDACTED]-related expenses (including fees and expenses of legal advisors and the reporting accountant of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]), representing approximately [REDACTED]% of our [REDACTED] from the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For the details of unaudited [REDACTED] financial information, see “Unaudited [REDACTED] Financial Information” in Appendix II to this Document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in the Accountants’ Report set out in Appendix I, and there is no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our 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] of between HK\$[REDACTED] and HK\$[REDACTED] per H Share) and the [REDACTED] is not exercised, we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED], fees, and other estimated expenses paid and payable by us in connection with the [REDACTED]. 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 approximately HK\$[REDACTED], will be used to fund the R&D and registration of our Core Product, SK08, including:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to fund the advancement of the ongoing Phase III clinical trial, registration, and commercialization of SK08 in the PRC for the treatment of patients with IBS-D, which is expected to be completed by the third quarter of 2029;
 - (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK08 in combination with anti-PD-1/L1 monoclonal antibodies in the PRC for the treatment of tumor patients, which is expected to commence in the fourth quarter of 2028;
 - (iii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK08 in the PRC for the treatment of UC, which is expected to commence in the fourth quarter of 2027; and
 - (iv) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK08 in the PRC for the treatment of pediatric rotavirus diarrhea, which is expected to commence in the third quarter of 2027.
- Approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to fund the R&D of our key product, SK10, including:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to fund the planned Phase II and Phase III clinical trials of SK10 in the PRC for the prevention and treatment of CID, which are expected to commence in the fourth quarter of 2026; and
 - (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to fund a planned Phase II clinical trial of SK10 outside of the PRC for the prevention and treatment of CID, which is expected to commence in the first quarter of 2028.
- Approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to fund the continuous development of our technology platforms, the advancement of our existing pipeline assets, and the exploration and development of new drug candidates.
- Approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used for working capital and other general corporate purposes.

FUTURE PLANS AND USE OF [REDACTED]

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED], the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively.

The additional [REDACTED] that we would receive if the [REDACTED] is exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the maximum [REDACTED]); (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED]); and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the minimum [REDACTED]).

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.

We do not currently expect to rely on the [REDACTED] of the [REDACTED] to carry on our ordinary business operations. To the extent that the [REDACTED] of the [REDACTED] are not sufficient to fund our development plan, we intend to fund the shortfall through a variety of means, including [REDACTED] from banking facilities and cash generated from our business operations.

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes, we may only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions).

In the event of any material change in our use of [REDACTED] of the [REDACTED] from the purposes described above or in our allocation of the [REDACTED] among the purposes described above, a formal announcement will be made.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[●], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU ZHIYI BIOTECHNOLOGY CO., LTD. AND SDIC SECURITIES CORPORATE FINANCE (HONG KONG) LIMITED AND CHINA INDUSTRIAL SECURITIES INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Guangzhou Zhiyi Biotechnology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 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 December 31, 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-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “**Document**”) in connection with the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 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.

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ACCOUNTANTS’ REPORT

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at December 31, 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 and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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-**[●]** have been made.

Dividends

We refer to note 24(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended December 31, 2024	Year ended December 31, 2025
		RMB’000	RMB’000
Revenue	4(a)	721	2,407
Cost of revenue		(423)	(2,176)
Gross Profit		298	231
Other net income	5	23,267	9,455
Selling and distribution expenses		(32)	(875)
General and administrative expenses		(19,307)	(15,838)
Research and development expenses	6(c)	(67,570)	(61,941)
Credit loss on trade and other receivables		(145)	(5)
Loss from operations		(63,489)	(68,973)
Finance costs	6(a)	(509)	(420)
Loss before taxation		(63,998)	(69,393)
Income tax expense	7	—	—
Loss and total comprehensive income for the year		(63,998)	(69,393)
Attributable to:			
Equity shareholders of the Company		(63,998)	(69,393)
Loss per share			
Basic and diluted (RMB)	10	(2.33)	(2.47)

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at December 31, 2024 RMB’000	As at December 31, 2025 RMB’000
Non-current assets			
Property, plant and equipment	11	25,157	17,049
Right-of-use assets	12	9,764	6,038
Intangible assets		173	105
Prepayments	16	127	—
		<u>35,221</u>	<u>23,192</u>
Current assets			
Inventories and contract costs	14	2,351	4,861
Trade receivables	15	18	19
Prepayments and other receivables	16	17,304	4,206
Other investments	17	10,008	—
Cash and cash equivalents	18	92,353	74,081
		<u>122,034</u>	<u>83,167</u>
Current liabilities			
Trade and other payables	19	11,855	16,603
Contract liabilities	4(d)	1,419	5,298
Bank loan	20	2,002	—
Lease liabilities	22	4,466	2,770
		<u>19,742</u>	<u>24,671</u>
Net current assets		<u>102,292</u>	<u>58,496</u>
Total assets less current liabilities		<u>137,513</u>	<u>81,688</u>
Non-current liabilities			
Deferred income	21	3,146	2,952
Lease liabilities	22	6,625	4,072
		<u>9,771</u>	<u>7,024</u>
NET ASSETS		<u>127,742</u>	<u>74,664</u>
CAPITAL AND RESERVES			
Paid-in/share capital	24	30,104	30,104
Reserves		97,638	44,560
TOTAL EQUITY		<u>127,742</u>	<u>74,664</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at December 31, 2024 RMB’000	As at December 31, 2025 RMB’000
Non-current assets			
Property, plant and equipment	11	20,296	13,874
Right-of-use assets	12	4,158	5,294
Intangible assets		173	105
Interests in subsidiaries	13	40,652	41,007
		<u>65,279</u>	<u>60,280</u>
Current assets			
Inventories and contract costs	14	1,493	3,654
Trade receivables	15	18	19
Prepayments and other receivables	16	16,768	5,058
Other investments	17	10,008	–
Cash and cash equivalents	18	72,431	57,889
		<u>100,718</u>	<u>66,620</u>
Current liabilities			
Trade and other payables	19	8,390	11,786
Contract liabilities	4(d)	439	4,450
Bank loan	20	2,002	–
Lease liabilities	22	2,600	1,938
		<u>13,431</u>	<u>18,174</u>
Net current assets		<u>87,287</u>	<u>48,446</u>
Total assets less current liabilities		<u>152,566</u>	<u>108,726</u>
Non-current liabilities			
Deferred income	21	605	1,390
Lease liabilities	22	2,373	4,044
		<u>2,978</u>	<u>5,434</u>
NET ASSETS		<u>149,588</u>	<u>103,292</u>
CAPITAL AND RESERVES			
Paid-in/share capital	24	30,104	30,104
Reserves	24	119,484	73,188
TOTAL EQUITY		<u>149,588</u>	<u>103,292</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							
	Paid-in capital	Share capital	Capital reserve	Equity interests held for employee incentive scheme	Shares held for employee incentive scheme	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 note 24(b)	RMB'000 note 24(c)	RMB'000 note 24(e)	RMB'000 note 24(f)	RMB'000 note 24(f)	RMB'000 note 24(g)	RMB'000	RMB'000
Balance at January 1, 2024 . .	27,553	–	358,797	(800)	–	11,033	(296,456)	100,127
Changes in equity for 2024:								
Total comprehensive income . .	–	–	–	–	–	–	(63,998)	(63,998)
Capital contributions by investors (note 24(a))	1,683	–	75,317	–	–	–	–	77,000
Subscription of restricted equity interests under employee incentive scheme (note 23) . .	868	–	1,757	(3,750)	–	–	–	(1,125)
Equity-settled share-based transactions (note 23)	–	–	–	–	–	15,738	–	15,738
Balance at December 31, 2024 and January 1, 2025	30,104	–	435,871	(4,550)	–	26,771	(360,454)	127,742
Changes in equity for 2025:								
Total comprehensive income . .	–	–	–	–	–	–	(69,393)	(69,393)
Equity-settled share-based transactions (note 23)	–	–	–	–	–	16,315	–	16,315
Conversion into a joint stock limited liability company (note 24(c))	(30,104)	30,104	(364,700)	4,550	(4,550)	–	364,700	–
Balance at December 31, 2025	–	30,104	71,171	–	(4,550)	43,086	(65,147)	74,664

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Year ended December 31, 2024	Year ended December 31, 2025
		RMB'000	RMB'000
Operating activities			
Cash used in operations	18(b)	(45,013)	(22,676)
Income tax paid		—	—
Net cash used in operating activities		(45,013)	(22,676)
Investing activities			
Interest received		245	247
Payments for purchase of property, plant and equipment		(399)	(520)
Proceeds from sale of property, plant and equipment		178	—
Payments for purchase of other investments		(360,000)	(218,000)
Proceeds from sale of other investments		381,343	228,748
Net cash generated from investing activities		21,367	10,475
Financing activities			
Capital element of rental paid	18(c)	(3,476)	(3,649)
Interest element of rental paid	18(c)	(476)	(388)
Capital contributions by investors	24(a)	77,000	—
Proceeds from subscription of restricted equity interests under employee incentive scheme	24(a)	2,625	—
Proceeds from bank loan	18(c)	2,000	—
Repayments of bank loan	18(c)	—	(2,000)
Interest paid	18(c)	(31)	(34)
Net cash generated from/(used in) financing activities		77,642	(6,071)
Net increase/(decrease) in cash and cash equivalents		53,996	(18,272)
Cash and cash equivalents at the beginning of the year	18(a)	38,357	92,353
Cash and cash equivalents at the end of the year	18(a)	92,353	74,081

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Guangzhou Zhiyi Biotechnology Co., Ltd. (the “**Company**”) (廣州知易生物科技股份有限公司) was established in Guangzhou, Guangdong Province, People’s Republic of China (the “**PRC**”) on September 17, 2013 as a company with limited liability. The Company was converted from a company with limited liability into a joint stock company with limited liability in July 2025.

During the Track Record Period, the Company and its subsidiaries (together, “**the Group**”) are principally engaged in research and development of live biotherapeutic products (“**LBP**s”) and next-generation probiotics (“**NGP**s”), and manufacturing and sales of NGP raw material products.

The financial statements of the Company for the years ended December 31, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch (立信會計師事務所(特殊普通合夥)廣東分所).

During the Track Record Period and as at the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are private companies with limited liabilities:

Company name	Place of operation and date of incorporation/ establishment	Registered capital	Paid-up capital	Percentage of equity attributable to the Company			Principal activities
				As at December 31,		At the date of this report	
				2024	2025		
Guangzhou Proforcare Pharmaceutical Inc (notes (i) (ii)) (廣州普維君健藥業有限公司)	PRC September 26, 2016	RMB42,784,884	RMB42,784,884	100.0%	100.0%	100.0%	Manufacturing and sales of NGP raw material products
Shijiazhuang Puwei Biotechnology Co., Ltd. (notes (i) (ii)) (石家莊普維生物科技有限公司)	PRC July 27, 2020	RMB1,428,600	RMB1,428,600	100.0%	100.0%	100.0%	Research and development of LBPs and NGPs

Notes:

- (i) The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.
- (ii) The financial statements of these entities for the years ended December 31, 2024 and 2025 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch (立信會計師事務所(特殊普通合夥)廣東分所).

All companies comprising the Group have adopted December 31 as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”). Further details of the material accounting policy information are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025 are set out in note 29.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the assets are stated at their fair value as explained in the accounting policies as set out in note 2(d).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(d)).

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

(d) Other investments

Other investments are classified as measured at fair value through profit or loss (“FVPL”). Changes in the fair value of the investments are recognized in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss as follows:

Machinery	3-10 years
Office equipment and furniture	3-5 years
Leasehold improvements	4-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

APPENDIX I

ACCOUNTANTS’ REPORT

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and any accumulated impairment losses (see note 2(h)(ii)).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the assets’ estimated useful lives, if any, and is generally recognized in profit and loss. The useful lives of intangible assets are determined based on factors such as the technological obsolescence.

The estimated useful lives for the Track Record Period are as follows:

Software 3-5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)). Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the depreciation period, which is the earlier of the estimated useful lives or lease terms.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on the financial assets measured at amortized cost (including cash and cash equivalents and trade and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

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The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment.

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If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill, if any, is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”s). Goodwill arising from a business combination, if any, is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, if any, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Inventories and contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or materials and supplies to be consumed in the production and research and development process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable 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, or the replacement costs for materials or supplies to be consumed in research and development process.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(ii) Contract costs

Contract costs are the costs to fulfil a contract with a customer which are not capitalized as inventory (see note 2(i)(i)), property, plant and equipment (see note 2(e)) or intangible assets (see note 2(f)).

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses.

(j) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(q)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see note 2(k)). For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(k) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A 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. All receivables are subsequently stated at amortized cost (see note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(h)(i)).

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(m) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group’s accounting policy for borrowing costs (see note 2(r)).

(o) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related services is provided.

(ii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the equity allocation method, of which underlying equity value is measured using the discounted cash flow method, taking into account any transfer restrictions imposed on the vested equity instruments or using comparable transaction approach with reference to the subscription prices at the Company’s most recent fundraising transactions. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(iii) *Termination benefits*

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill, if any.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be used. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing taxable temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(q) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the sale of goods in the ordinary course of the Group’s business.

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Revenue is recognized when control over the service or good is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. In particular, revenue excludes value added tax and is after deduction of any trade discounts.

Further details of the Group’s income recognition policies are as follows:

(i) Revenue from provision of research and development services

For provision of research and development services, contracts with customers may contain more than one performance obligations. For such arrangements, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Revenue is recognized at the allocated amounts at a point in time upon satisfaction of the individual performance obligations.

(ii) Sales of products

Revenue arising from the sale of goods is recognized when control of the goods has transferred according to respective agreed terms of delivery.

(iii) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iv) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as other net income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of assets are initially recognized as deferred income and subsequently recognized as other net income in profit or loss over the useful life of the assets.

(r) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(s) Related parties

(a) A person, or a close member of that person’s family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group’s parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

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Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and goods, the type or class of customers, the methods used to provide the services or distribute the products, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group’s accounting policies

In the process of applying the Group’s accounting policies, management has made the following accounting judgement:

Research and development expenses

Development expenses incurred are capitalized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group’s intention to complete and the Group’s ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the research and development and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalization. All development expenses were expensed when incurred during the Track Record Period.

(b) Sources of estimation uncertainty

Note 23 contain information about the assumptions and risk factors relating to equity settled share-based transactions. Other significant sources of estimation uncertainty are as follows:

Recognition of deferred tax assets

Deferred tax assets in respect of tax losses and deductible temporary differences can only be recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Therefore, management’s judgment is required to assess the probability of future taxable profits. Management’s assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are research and development of LBPs and NGPs and manufacturing and sales of NGP raw material products. During the Track Record Period, the Group’s revenue was mainly derived from providing research and development services to customers and sales of NGP raw material products.

(a) Disaggregation of revenue

	Year ended December 31, 2024	Year ended December 31, 2025
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products/service lines		
Revenue from provision of research and development services	391	1,881
Sales of NGP raw material products	330	526
	<u>721</u>	<u>2,407</u>
Timing of revenue recognition		
Point in time	<u>721</u>	<u>2,407</u>

(b) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2024 and December 31, 2025, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group’s existing contract are RMB15,094,000 and RMB9,434,000, which is expected to occur over the next 12 to 24 months.

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The above amount does not include any amounts of milestone payments that the Group may earn in the future by meeting the conditions set out in the Group’s existing contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

The Group has also applied the practical expedient in paragraph 121 (a) of IFRS 15 to its sales contracts for NGP raw material products and other research and development services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of NGP raw material products and research and development services that had an original expected duration of one year or less.

(c) Information about major customers

Revenue from customers with whom transactions have exceeded 10% of the Group’s total revenue during the Track Record Period, including sales to entities which are known to the Group to be under common control with single customer, are as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB’000	RMB’000
Customer A	330	594
Customer B	264	500
Customer C	—	611
Customer D	—	306

(d) Contract liabilities

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB’000	RMB’000
At January 1	—	1,419
Advances from customers	1,419	4,719
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	—	(840)
At December 31	<u>1,419</u>	<u>5,298</u>

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB’000	RMB’000
At January 1	—	439
Advances from customers	439	4,450
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	—	(439)
At December 31	<u>439</u>	<u>4,450</u>

All the contract liabilities are expected to be recognized as income within one year.

(e) Segment reporting

Operating segments are identified on the basis of internal reports that the Group’s most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group’s most senior executive management makes resources allocation decisions based on internal management functions and assess the Group’s business performance as one integrated business instead of by separate business lines. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(f) Geographic information

The Group generated all of its revenue in the PRC and its non-current assets are all located in the PRC, and accordingly, no analysis of geographic information is presented.

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5 OTHER NET INCOME

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Government grants (including amortization of deferred income) (i)	21,970	8,164
Investment income from other investments	1,341	740
Losses on disposal of property, plant and equipment	(115)	(10)
Gain relating to cancellation of lease contract	–	313
Interest income from bank deposits	245	247
Others	(174)	1
	<u>23,267</u>	<u>9,455</u>

- (i) Government grants represent cash awards granted to the Group by the local government authorities in the PRC. Government grants mainly include subsidies for (i) compensation on research and development expenses; (ii) compensation on capital expenditure relating to production and research equipment; (iii) incentives of research and development activities.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Interests on bank loan	33	32
Interests on lease liabilities	476	388
	<u>509</u>	<u>420</u>

(b) Staff costs

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Salaries, allowances and other benefits	21,520	16,996
Contributions to defined contribution retirement plan (i)	1,206	1,552
Equity-settled share-based payment expenses (note 23)	15,738	16,315
	<u>38,464</u>	<u>34,863</u>

- (i) Employees of the Company and its subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government.

The Company and its subsidiaries are required to contribute to the schemes during the Track Record Period to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of pension benefits beyond those schemes described above.

(c) Other items

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Amortization of intangible assets	53	68
Depreciation		
– Property, plant and equipment (note 11)	9,344	8,745
– Right-of-use assets (note 12)	3,565	3,439
	<u>12,909</u>	<u>12,184</u>

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	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Research and development expenses (i)	67,570	61,941
Cost of inventories sold (note 14)	95	351
Auditors’ remuneration	43	173

- (i) During the Track Record Period, research and development expenses include staff costs and depreciation and amortization expenses of RMB37,227,000 and RMB33,147,000 respectively, which are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- (a) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Loss before taxation	(63,998)	(69,393)
Notional tax on profit before taxation, calculated at PRC statutory tax rate	(16,000)	(17,348)
Effect of preferential income tax rates of certain subsidiaries	1,369	1,358
Tax effect of additional deduction on research and development expenses (ii)	(11,587)	(9,772)
Tax effect of non-deductible expenses	3,948	4,072
Tax effect of tax losses and temporary differences not recognized	22,270	21,690
Actual income tax expense	—	—

- (i) Under the PRC Corporate Income Tax Law, the Company and its subsidiaries established and operated in Chinese Mainland are subject to statutory tax rate of 25%, unless otherwise specified below.

Certain subsidiaries in the PRC fulfilled the criteria for small and low profit-making enterprise and were entitled to a preferential income tax rate of 5% on the first RMB 3 million taxable income for the years ended December 31, 2024 and 2025.

- (ii) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Corporate Income Tax Law and relevant regulations.

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in note 2(p), the Group has not recognized deferred tax assets in respect of the following items as it is not probable that future taxable profits against which the losses or temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Cumulated tax losses	535,134	623,760
Deductible temporary differences	4,489	3,815
	539,623	627,575

The expiration dates of the Group’s unrecognized deferred tax assets in respect of cumulative tax losses is set out below:

	Cumulated tax losses	Expiration date
	RMB'000	
As at December 31, 2024	535,134	2025-2034
As at December 31, 2025	623,760	2026-2035

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Pursuant to resolutions of shareholders on May 28, 2026, Mr. Zeng Ming, Mr. Chen Qikui, and Ms Li Ying were appointed as independent non-executive directors of the Company with effect from the date of [REDACTED] of the Company.

Pursuant to the PRC Company Law, a joint stock limited liability company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in the PRC Company Law. Accordingly, the Company will not set up the board of supervisors after the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During each year of the Track Record Period, of the five individuals with the highest emoluments of the Group, 2 and 2 are directors whose emoluments are disclosed in note 8 respectively. The aggregate of the emoluments in respect of the remaining individuals during each year of the Track Record Period respectively are as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Salaries, allowances and other benefits	1,528	1,609
Discretionary bonuses	581	275
Contributions to defined contribution retirement plan	52	44
Equity-settled share-based payments	2,867	2,867
	<u>5,028</u>	<u>4,795</u>

The emoluments of the individuals who are not director or supervisor and with the highest emoluments are within the following bands:

	Year ended December 31, 2024	Year ended December 31, 2025
	Number of individuals	Number of individuals
HKD1,000,001-HKD1,500,000	—	1
HKD1,500,001-HKD2,000,000	2	1
HKD2,000,001-HKD2,500,000	1	1
	—	—
	3	3
	<u>—</u>	<u>—</u>

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

As set out in note 24(c), the Company was converted into a joint stock company with limited liability and 30,104,120 shares at RMB1 each were issued in July 2025. For the purpose of calculating basic loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company’s conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred since January 1, 2024, at the exchange ratio established in the conversion in July 2025.

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Loss for the year attributable to equity shareholders of the Company . . .	<u>(63,998)</u>	<u>(69,393)</u>

Weighted average number of ordinary shares in issue or deemed to be in issue.

	Year ended December 31, 2024	Year ended December 31, 2025
	'000	'000
Ordinary shares deemed to be in issue at January 1	27,553	30,104
Effect of unvested shares held for employee incentive scheme	(1,710)	(2,040)
Effect of ordinary shares deemed to be issued during the year	<u>1,615</u>	<u>—</u>
Weighted average number of ordinary shares in issue or deemed to be in issue at the end of the year	<u>27,458</u>	<u>28,064</u>

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(b) Diluted loss per share

Restricted Equity Interests or restricted shares of the Group (note 23) were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. Therefore, there was no difference between the basic and diluted loss per share during the Track Record Period.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Office equipment and furniture	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At January 1, 2024	38,482	3,291	26,675	68,448
Additions	233	7	159	399
Disposals	(530)	(239)	–	(769)
At December 31, 2024 and January 1, 2025 . .	38,185	3,059	26,834	68,078
Additions	559	–	88	647
Disposals	(145)	(23)	–	(168)
At December 31, 2025	38,599	3,036	26,922	68,557
Accumulated depreciation:				
At January 1, 2024	(18,840)	(3,035)	(12,178)	(34,053)
Charge for the year	(4,235)	(198)	(4,911)	(9,344)
Written back on disposals	44	432	–	476
At December 31, 2024 and January 1, 2025 . .	(23,031)	(2,801)	(17,089)	(42,921)
Charge for the year	(3,707)	(68)	(4,970)	(8,745)
Written back on disposals	138	20	–	158
At December 31, 2025	(26,600)	(2,849)	(22,059)	(51,508)
Net book value:				
At December 31, 2024	15,154	258	9,745	25,157
At December 31, 2025	11,999	187	4,863	17,049

The Company

	Machinery	Office equipment and furniture	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At January 1, 2024	24,805	1,065	17,302	43,172
Additions	119	6	159	284
Disposals	(3)	(65)	–	(68)
At December 31, 2024 and January 1, 2025 . .	24,921	1,006	17,461	43,388
Additions	559	–	88	647
Disposals	(74)	(23)	–	(97)
At December 31, 2025	25,406	983	17,549	43,938
Accumulated depreciation:				
At January 1, 2024	(8,806)	(813)	(6,272)	(15,891)
Charge for the year	(3,422)	(91)	(3,739)	(7,252)
Written back on disposals	1	50	–	51
At December 31, 2024 and January 1, 2025 . .	(12,227)	(854)	(10,011)	(23,092)
Charge for the year	(3,197)	(65)	(3,798)	(7,060)
Written back on disposals	68	20	–	88
At December 31, 2025	(15,356)	(899)	(13,809)	(30,064)
Net book value:				
At December 31, 2024	12,694	152	7,450	20,296
At December 31, 2025	10,050	84	3,740	13,874

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12 RIGHT-OF-USE ASSETS

The Group

	Properties
	<i>RMB’000</i>
Cost:	
At January 1, 2024	16,871
Additions	4,574
At December 31, 2024 and January 1, 2025	21,445
Additions	3,218
Derecognition	(4,381)
At December 31, 2025	20,282
Accumulated depreciation:	
At January 1, 2024	(8,116)
Charge for the year	(3,565)
At December 31, 2024 and January 1, 2025	(11,681)
Charge for the year	(3,439)
Derecognition	876
At December 31, 2025	(14,244)
Net book value:	
At December 31, 2024	9,764
At December 31, 2025	6,038

- (i) The Group has leased properties as its manufacturing facilities and office buildings through tenancy agreements. The leases typically run for an initial period of 3 to 5 years. None of the leases includes variable lease payments.

The Company

	Properties
	<i>RMB’000</i>
Cost:	
At January 1, 2024, December 31, 2024 and January 1, 2025	11,969
Additions	3,218
At December 31, 2025	15,187
Accumulated depreciation:	
At January 1, 2024	(5,559)
Charge for the year	(2,252)
At December 31, 2024 and January 1, 2025	(7,811)
Charge for the year	(2,082)
At December 31, 2025	(9,893)
Net book value:	
At December 31, 2024	4,158
At December 31, 2025	5,294

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Years ended December 31, 2024	Years ended December 31, 2025
	<i>RMB’000</i>	<i>RMB’000</i>
Depreciation charge of properties leased for own use	3,565	3,439
Interest on lease liabilities (<i>note 6(a)</i>)	476	388
Gain relating to cancellation of lease contract (<i>note 5</i>)	—	313

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(d) and 22 respectively.

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13 INTERESTS IN SUBSIDIARIES

The carrying amount of interests in subsidiaries are listed below:

	As at December 31, 2024	As at December 31, 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries, at cost	74,278	74,633
Less: impairment loss of investment in subsidiaries	(33,626)	(33,626)
Total	<u>40,652</u>	<u>41,007</u>

Details of the information of the principal subsidiaries is set forth in note 1.

14 INVENTORIES AND CONTRACT COSTS

Inventories and contract costs in the consolidated statement of financial position comprise:

The Group

	As at December 31, 2024	As at December 31, 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Inventories		
Raw materials and consumables	855	681
Work in progress	197	—
Finished goods	518	1,073
	<u>1,570</u>	<u>1,754</u>
Contract costs		
Costs to fulfil contracts	781	3,107
	<u>2,351</u>	<u>4,861</u>

The Company

	As at December 31, 2024	As at December 31, 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Inventories		
Raw materials and consumables	712	547
	---	---
Contract costs		
Costs to fulfil contracts	781	3,107
	<u>1,493</u>	<u>3,654</u>

All of the inventories are expected to be recovered within one year.

Costs to fulfil contracts capitalized as at December 31, 2024 and 2025 related to cost incurred to fulfil certain customer contracts, revenue of which has not been recognized, such as staff costs and depreciation expense. Contract fulfilment costs are recognized as part of “cost of revenue” upon revenue recognition.

The analysis of the amount of inventories and contract costs recognized as an expense and included in profit or loss is as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of inventories sold	95	351
Contract costs transferred upon revenue recognition	328	1,825
	<u>423</u>	<u>2,176</u>

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15 TRADE RECEIVABLES

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Trade receivables	18	19
	<u> </u>	<u> </u>

All of the trade receivables are expected to be recovered within one year.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of allowance for expected credit losses, is as follows:

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Within 3 months	18	19
	<u> </u>	<u> </u>

16 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Non-current		
Prepayment for property, plant and equipment	127	—
	<u> </u>	<u> </u>
Current		
Other receivables	255	196
Financial assets measured at amortized cost	255	196
Prepaid expenses	5,270	3,330
Value-added tax recoverable	11,779	680
	<u>17,304</u>	<u>4,206</u>

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Amounts due from a subsidiary	—	1,300
Other receivables	30	6
	<u> </u>	<u> </u>
Financial assets measured at amortized cost	30	1,306
Prepaid expenses	5,134	3,324
Value-added tax recoverable	11,604	428
	<u>16,768</u>	<u>5,058</u>

All of the prepayments and other receivables are expected to be recovered or recognized as expense within one year.

17 OTHER INVESTMENTS

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Investments in structured deposits (i)	10,008	—
	<u> </u>	<u> </u>

(i) As at December 31, 2024, other investments represented investments in structured deposits managed by a bank in the PRC with the principal amount of RMB10,000,000 and variable returns.

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18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Cash on hand	18	6
Cash at bank	92,335	74,075
Cash and cash equivalents	<u>92,353</u>	<u>74,081</u>

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Cash on hand	18	6
Cash at bank	72,413	57,883
Cash and cash equivalents	<u>72,431</u>	<u>57,889</u>

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	Year ended December 31, 2024	Year ended December 31, 2025
		RMB'000	RMB'000
Loss before taxation		(63,998)	(69,393)
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	9,344	8,745
Depreciation of right-of-use assets	6(c)	3,565	3,439
Amortization of intangible assets	6(c)	53	68
Finance costs	6(a)	509	420
Investment income from other investments	5	(1,341)	(740)
Losses on disposals of property, plant and equipment	5	115	10
Gain relating to cancellation of lease contract	5	–	(313)
Equity-settled share-based payments	6(b)	15,738	16,315
Interest income from bank deposits	5	(245)	(247)
Changes in working capital:			
Increase in inventories and contract costs		(1,376)	(2,510)
Increase in trade receivables		(18)	(1)
(Increase)/decrease in prepayments and other receivables		(5,818)	13,098
(Decrease)/increase in trade and other payables		(2,585)	4,748
Decrease in deferred income		(375)	(194)
Increase in contract liabilities		1,419	3,879
Cash used in operations		<u>(45,013)</u>	<u>(22,676)</u>

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated cash flow statement as cash flows from financing activities.

	Bank loan	Lease liabilities	Total
	RMB'000 (note 20)	RMB'000 (note 22)	RMB'000
At January 1, 2024	–	9,993	9,993
Changes from financing cash flows:			
Proceeds from bank loan	2,000	–	2,000
Capital element of rental paid	–	(3,476)	(3,476)
Interest element of rental paid	–	(476)	(476)
Interest paid	(31)	–	(31)
Total changes from financing cash flows	<u>1,969</u>	<u>(3,952)</u>	<u>(1,983)</u>

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	Bank loan	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
	(note 20)	(note 22)	
Other changes:			
Interest expenses (<i>note 6(a)</i>)	33	476	509
Increase in lease liabilities from entering into new leases during the year	—	4,574	4,574
Total other changes	33	5,050	5,083
At December 31, 2024 and January 1, 2025	2,002	11,091	13,093
Changes from financing cash flows:			
Repayment of bank loan	(2,000)	—	(2,000)
Capital element of rental paid	—	(3,649)	(3,649)
Interest element of rental paid	—	(388)	(388)
Interest paid	(34)	—	(34)
Total changes from financing cash flows	(2,034)	(4,037)	(6,071)
Other changes:			
Interest expenses (<i>note 6(a)</i>)	32	388	420
Increase in lease liabilities from entering into new leases during the year	—	3,218	3,218
Decrease in lease liabilities from derecognition	—	(3,818)	(3,818)
Total other changes	32	(212)	(180)
At December 31, 2025	—	6,842	6,842

(d) Total cash outflow for leases

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	RMB'000
Within financing cash flows	3,952	4,037

19 TRADE AND OTHER PAYABLES

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Trade payables	3,567	7,894
Payroll payables	2,407	2,830
Other payables and accruals	1,331	1,329
Deposit liabilities recognized under employee incentive schemes	4,550	4,550
	11,855	16,603

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Trade payables	3,543	7,894
Amounts due to subsidiaries	1,350	—
Payroll payables	2,244	2,585
Other payables and accruals	1,253	1,307
	8,390	11,786

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As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date is as follows:

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Within 3 months	3,486	7,865
Over 3 months but within 6 months	29	1
Over 6 months	52	28
	<u>3,567</u>	<u>7,894</u>

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Within 3 months	3,462	7,865
Over 3 months but within 6 months	29	1
Over 6 months	52	28
	<u>3,543</u>	<u>7,894</u>

All trade and other payables are expected to be settled within one year or repayable on demand.

20 BANK LOAN

(a) The analysis of the carrying amount of bank loan is as follows:

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Unsecured and unguaranteed short-term bank loan	<u>2,002</u>	<u>—</u>

(b) As at December 31, 2024 and 2025, the analysis of the repayment schedule of bank loans is as follows:

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	RMB'000
Within 1 year or on demand	<u>2,002</u>	<u>—</u>

21 DEFERRED INCOME

The Group

	Government grants
	RMB'000
At January 1, 2024	3,521
Addition	732
Credited to profit or loss	(1,107)
At December 31, 2024 and January 1, 2025	3,146
Addition	1,500
Credited to profit or loss	(1,694)
At December 31, 2025	<u>2,952</u>

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The Company

	Government grants
	<i>RMB’000</i>
At January 1, 2024	–
Addition	732
Credited to profit or loss	(127)
At December 31, 2024 and January 1, 2025	605
Addition	1,500
Credited to profit or loss	(715)
At December 31, 2025	1,390

As at December 31, 2024 and 2025, deferred income of the Group represented government subsidies received for compensation on research and development expenses which have not met the conditions attaching to the subsidies and for the purchase of property, plant and equipment.

22 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group’s lease liabilities as at December 31, 2024 and 2025.

The Group

	As at December 31, 2024		As at December 31, 2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	4,466	4,846	2,770	2,971
After 1 year but within 2 years	4,095	4,272	1,180	1,307
After 2 years but within 5 years	2,530	2,649	2,892	3,016
	6,625	6,921	4,072	4,323
	11,091	11,767	6,842	7,294
Less: total future interest expenses		(676)		(452)
Present value of lease liabilities		11,091		6,842

The Company

	As at December 31, 2024		As at December 31, 2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	2,600	2,776	1,938	2,122
After 1 year but within 2 years	2,373	2,425	1,152	1,279
After 2 years but within 5 years	–	–	2,892	3,016
	2,373	2,425	4,044	4,295
	4,973	5,201	5,982	6,417
Less: total future interest expenses		(228)		(435)
Present value of lease liabilities		4,973		5,982

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23 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Group adopted employee incentive schemes in May 2017 (the Employee Incentive Scheme 2017) and November 2023 (the Employee Incentive Scheme 2023), respectively. The purpose of the employee incentive schemes is to provide incentives and rewards to eligible participants for their future contributions to the Group.

In connection with the Employee Incentive Scheme 2017 and Employee Incentive Scheme 2023, Zhuhai Xinrui Biotechnology Center (Limited Partnership) (“**Zhuhai Xinrui**”) was established in Chinese Mainland as the employee incentive vehicle to subscribe registered capital of the Company. Eligible participants as approved by the Company were granted the equity interests in the form of holding the registered capital of the Company directly or through holding the limited partnership interests in Zhuhai Xinrui (together referred to as “Restricted Equity Interests”). Zhuhai Xinrui is consolidated as a subsidiary of the Company.

In July 2025, the Company was converted into a joint stock limited liability company (note 24(c)(i)), and therefore, the registered capital of the Company amounting to RMB2,039,875 granted to the eligible participants of the employee incentive schemes were converted into restricted shares of the Company on the same terms and conditions without a change in the underlying economic interests.

Details of terms and conditions of the respective Restricted Equity Interests granted are set out below:

Employee Incentive Scheme 2017

On December 27, 2019, 2 directors and certain employees of the Group were granted the Restricted Equity Interests in the form of the Company’s registered capital of RMB800,000 at a subscription price of RMB1.00 per RMB1 registered capital.

Employee Incentive Scheme 2023

On November 22, 2023, 2 directors and certain employees of the Group were granted the Restricted Equity Interests in the form of the Company’s registered capital of RMB1,239,875 at a subscription price of RMB3.02 per RMB1 registered capital, among which registered capital of RMB371,963 were granted through equity interests transfer from the Company’s immediate parent, Zhuhai Yichangda Biotechnology Center (Limited Partnership), to the grantees.

The awards are conditional upon the successful completion of an [REDACTED] (“[REDACTED]”). If the employees leave the Group before the successful completion of an [REDACTED], the Group has the right to repurchase the Restricted Equity Interests and grant to other eligible participants. The Group determines the share-based payment expenses at a date of grant of Restricted Equity Interests with reference to the estimation of the probability and timing of successful [REDACTED] since [REDACTED] condition is considered as a vesting condition. As at December 31, 2024 and 2025, the Group assessed that it is probable that the [REDACTED] condition will be achieved in the foreseeable future, and share-based payments expenses were recognized on a straight-line basis over the entire vesting period accordingly.

Total compensation expense of Restricted Equity Interests calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss and other comprehensive income are RMB15,738,000 and RMB16,315,000 for the years ended December 31, 2024 and December 31, 2025, respectively.

The movements of the Restricted Equity Interests or restricted shares of the Group during the Track Record Period are summarized as follows:

	2024		2025	
	Weighted average fair value per Restricted Equity Interest	Amount of registered capital	Weighted average fair value per Restricted Equity Interest	Number of shares
	RMB	RMB	RMB	
Outstanding at January 1	32.81	2,039,877	32.81	2,039,877
Forfeited during the year	42.72	(37,200)	42.72	(12,400)
Granted during the year	42.72	37,200	42.72	12,400
Outstanding at December 31	32.81	<u>2,039,877</u>	32.81	<u>2,039,877</u>

The fair value of services received in return for the Restricted Equity Interests granted is measured by reference to the fair value of Restricted Equity Interests granted at the corresponding dates of grant. Expected dividends are based on historical dividends of nil.

The fair value of Restricted Equity Interest granted on December 27, 2019 is measured with discounted cash flow method to determine the underlying equity fair value of the Company with following key assumptions at the grant date:

Cost of equity	13.09%
Likelihood of the success of the launch of products	15.10%
Gross profit margin	69.32%-85.00%
Annual growth rate of revenue after the launch of products	-10.53%-150.00%

The fair value of Restricted Equity Interest granted on other respective dates is measured using comparable transaction approach with reference to the subscription prices at the Company’s most recent fundraising transactions.

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24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of each reporting period are set out below:

	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Balance at January 1, 2024	27,553	–	363,248	11,033	(290,460)	111,374
Changes in equity for 2024:						
Total comprehensive income	–	–	–	–	(57,149)	(57,149)
Capital contributions by investors (i)	1,683	–	75,317	–	–	77,000
Pain-in capital issued under employee incentive scheme	868	–	1,757	–	–	2,625
Equity-settled share-based transactions	–	–	–	15,738	–	15,738
Balance at December 31, 2024 and January 1, 2025	<u>30,104</u>	<u>–</u>	<u>440,322</u>	<u>26,771</u>	<u>(347,609)</u>	<u>149,588</u>
Changes in equity for 2025:						
Total comprehensive income	–	–	–	–	(62,611)	(62,611)
Equity-settled share-based transactions	–	–	–	16,315	–	16,315
Conversion into a joint stock company	(30,104)	30,104	(364,700)	–	364,700	–
Balance at 31 December 2025	<u>–</u>	<u>30,104</u>	<u>75,622</u>	<u>43,086</u>	<u>(45,520)</u>	<u>103,292</u>

- (i) During the year ended December 31, 2024, the Company has entered into Series C-1 and C-2 financing agreements with several Series C-1 and C-2 investors, pursuant to which the Series C investors agreed to subscribe the Company’s newly issued paid-in capital of RMB1,683,000 for the total consideration of RMB77,000,000.

(b) Paid-in capital

	Total
	RMB’000
At January 1, 2024	27,553
Capital contributions by investors	1,683
Paid-in capital issued under employee incentive scheme (note 23)	868
At December 31, 2024 and January 1, 2025	30,104
Conversion into a joint stock company (note 24(c))	(30,104)
At December 31, 2025	–

(c) Share capital

	Numbers of shares	RMB’000
Ordinary shares, issued and fully paid with a par value of RMB1 each:		
At January 1, 2024, December 31, 2024 and January 1, 2025	–	–
Issue of ordinary shares upon conversion into joint stock limited liability company (i)	30,104,120	30,104
At December 31, 2025	<u>30,104,120</u>	<u>30,104</u>

- (i) The Company was converted into a joint stock limited liability company under the Company Law of the PRC in July 2025. The net assets of the Company as of the conversion base date were converted into 30,104,120 shares at RMB1 each. The excess of the net assets of the Company converted over the nominal value of the shares was credited to the Company’s capital reserve.

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Redemption rights granted by Dr. Zhi and Zhuhai Yichangda Biotechnology Center (Limited Partnership) (“Zhuhai Yichangda”)

In connection with the pre-[REDACTED] investments, the pre-[REDACTED] investors had been granted redemption rights exercisable solely against Dr. Zhi and Zhuhai Yichangda. The Directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned redemption rights exercisable solely against Dr. Zhi and Zhuhai Yichangda; and (ii) the Company has not provided any guarantee for the abovementioned redemption rights exercisable solely against Dr. Zhi and Zhuhai Yichangda in the event of a default by Dr. Zhi and Zhuhai Yichangda. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to redemption rights granted to the pre-[REDACTED] investors exercisable solely against Dr. Zhi and Zhuhai Yichangda.

(d) Dividends

No dividends were paid or declared by the Company during the Track Record Period.

(e) Capital reserve

The capital reserve primarily represents the excess of the contributions from the equity owners of the Company over the total paid-in capital issued before its conversion into a joint stock limited liability company in July 2025 and the difference between the nominal value of the ordinary shares and its net assets value as of the conversion base date upon the conversion into a joint stock limited liability company in July 2025.

(f) Equity interests or shares held for employee incentive scheme

The balance of equity interests or shares held for employee incentive scheme primarily represents the cost of the Company’s registered capital or shares held under the employee incentive schemes (note 23). The number of registered capital and shares held for the employee incentive schemes as at December 31, 2024 and 2025 were 2,039,875 and 2,039,875, respectively.

(g) Share-based payment reserve

The share-based payment reserve comprises the Company’s equity-settled share-based payments (see note 23).

(h) Capital management

The Group’s objectives in the aspect of managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the Track Record Period.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are reputable banks or financial institution, for which the Group considers to have low credit risks.

As at December 31, 2024 and 2025, the management of the Group has assessed that trade receivables and other receivables (mainly include rental deposits) have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, the expected credit loss rate is insignificant.

(b) Liquidity risk

The treasury function is centrally managed by the Group, which includes the short-term investment of cash surplus and the raising of funds to cover expected cash demands. The Group’s policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as of the end of the reporting periods of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of each of the reporting periods) and the earliest date the Group can be required to pay:

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	As at December 31, 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	11,855	—	—	—	11,855	11,855
Bank loan	2,034	—	—	—	2,034	2,002
Lease liabilities	4,846	4,272	2,649	—	11,767	11,091
Total	18,735	4,272	2,649	—	25,656	24,948

	As at December 31, 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and other payables	16,603	—	—	—	16,603	16,603
Lease liabilities	2,971	1,307	3,016	—	7,294	6,842
Total	19,574	1,307	3,016	—	23,897	23,445

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting period. Therefore, interest-bearing financial instruments at fixed rates do not expose the Group to fair value interest rate risk. The Group’s interest rate risk arises primarily from cash at banks at variable rates, which exposes the Group to cash flow interest rate risk. The Group’s interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table details the interest rate profile of the Group at the end of each reporting period:

As at December 31, 2024			As at December 31, 2025	
	Effective interest rates	Amount	Effective interest rates	Amount
	%	RMB'000	%	RMB'000
Fixed rate instruments:				
Bank loan	3.20%	2,002	N/A	–
Lease liabilities	3.35%-4.65%	11,091	3.35%-4.65%	6,842
		13,093		6,842
Variable rate instruments:				
Cash at bank	0.10%-0.20%	92,353	0.05%-0.10%	74,081

(ii) Sensitivity analysis

As at December 31, 2024 and 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group’s loss and accumulated losses by approximately RMB462,000 and RMB370,000 respectively.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group’s loss for the year (and accumulated losses) is estimated as an annualised (pro-rata as required) impact on interest expense or income of such a change in interest rates.

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ACCOUNTANTS’ REPORT

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The following table represents the Group’s financial assets that are measured at fair values at December 31, 2024:

	Level 1	Level 2	Level 3	Total
	US\$’000	US\$’000	US\$’000	US\$’000
Investment in structured deposits	=	10,008	=	10,008
	=	<u>10,008</u>	=	<u>10,008</u>

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of structured deposits in Level 2 is determined by the Group with reference to the fair value quoted by the bank that established and managed the investments, using expected return rates currently available for instruments with similar terms, credit risk, remaining terms and other market data.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at amortized cost were not materially different from their fair values as at December 31, 2024 and 2025.

26 COMMITMENTS

As at December 31, 2024 and 2025, the Group did not have material commitments outstanding and not provided for in the financial statements.

27 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transaction:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB’000	RMB’000
Salaries, allowances and other benefits	2,948	3,504
Discretionary bonuses	1,150	600
Retirement scheme contributions	90	87
Equity-settled share-based payments	11,820	12,884
	<u>16,008</u>	<u>17,075</u>

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent of the Group to be Zhuhai Yichangda and ultimate controlling party of the Group to be Zhi Fachao.

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ACCOUNTANTS’ REPORT

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2025

Up to the date of issue of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on January 1, 2025 and which have not been adopted in Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures</i> — <i>Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures</i> — <i>Contracts Referencing nature-dependent electricity</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards — Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

30 SUBSEQUENT EVENTS

In March 2026, the Company entered into Series C-3 financing agreement with several Series C-3 investors, pursuant to which the Series C-3 investors agreed to subscribe 568,415 shares for a consideration of RMB26,000,000.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

This Appendix contains a summary of our Articles of Association, the objective of which is to provide potential [REDACTED] with an overview of our Articles of Association. As the information contained below is in summary form, it does not contain all the information that may be important to potential [REDACTED].

GENERAL PROVISIONS

The Articles of Association regulate our Company’s organisation and conduct guidance and is binding on our Company, the Shareholders, Directors and senior management. Subject to no violation of the relevant provisions of the Articles of Association, Shareholders may sue Shareholders; Shareholders may sue the Directors, general manager and other senior management; Shareholders may sue our Company, and our Company may sue Shareholders, Directors, general manager or other senior management.

SHARES

Issue of Shares

The Shares of our Company take the registered form of share certificates.

The Company shall issue shares in accordance with the principles of openness, fairness, and justice, 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.

After completing the necessary procedures stipulated in the Trial Measures and other relevant laws, regulations and normative documents, our Company may issue Shares to domestic investors and overseas investors.

For the purpose of the preceding paragraph, overseas investors shall refer to investors from foreign countries and Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan of the PRC region who subscribe for Shares issued by our Company; domestic investors shall refer to investors within the territory of the PRC apart from above-mentioned region who subscribe for Shares issued by our Company.

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) issuing shares to unspecified parties;
- (ii) issuing shares to specified parties;
- (iii) offering of bonus shares to existing shareholders;
- (iv) capitalisation of common reserve fund;
- (v) other means required by the laws, administrative regulations, the securities regulatory rules of the place(s) where the Company’s shares are listed, or approved by the competent government authorities.

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SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures set forth in the Company Law and other relevant requirements, 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 may repurchase its shares under any of the following circumstances:

- (i) reducing the registered capital of the Company;
- (ii) merging with other companies holding the shares of the Company;
- (iii) using the shares for employee shareholding schemes or equity incentives;
- (iv) to repurchase the shares held by the shareholders who vote against any resolution proposed at any general meeting concerning the merger or division of the Company upon their request;
- (v) using the shares for the conversion of corporate bonds issued by the Company that could be converted into its share certificates;
- (vi) when it is necessary for the Company to maintain its value and safeguard the rights and interest of shareholders;
- (vii) other circumstances as permitted by the laws, administrative regulations, the regulatory rules of the place(s) where the Company’s shares are listed, and permitted by the competent government authorities.

Where the Company repurchases its shares, it shall perform its information disclosure obligations in accordance with the Securities Law and the relevant provisions of the securities regulatory authority of the place(s) where the Company’s shares are listed.

Where the Company repurchases its shares under any of the circumstances specified in aforesaid items (iii), (v) and (vi) set out above, it shall be carried out through centralized public trading.

Where the Company repurchases its own shares under any of the circumstances specified in aforesaid items (i) and (ii), a resolution of the general meeting is required. Where the Company repurchases its own shares under any of the circumstances specified in aforesaid items (iii), (v) and (vi), a resolution shall be approved at the Board meeting attending by more than two-thirds of the directors, provided that it complies with the applicable securities regulatory rules of the place where the Company’s shares are listed.

After the Company has repurchased its own shares in accordance with the above requirements, the shares repurchased under the circumstance set out in item (i) above shall be cancelled within 10 days from the date of repurchase; the shares repurchased under the circumstance set out in items (ii) and (iv) shall be transferred or cancelled within 6 months thereafter; and all of the shares repurchased under the circumstance set out in items (iii), (v) and (vi) above, the total number of the Company’s shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

If laws, administrative regulations, and the relevant regulatory rules in the place(s) where the Company’s shares are listed otherwise provide for the cancellation of shares, such provisions shall prevail.

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SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Transfer of Shares

The shares of the Company shall be transferred according to law. All fully paid-up the H Shares may be freely transferred in accordance with the Articles of Association.

All transfers of the H Shares shall be effected by a written instrument of transfer (which may include the standard transfer form or share transfer form as prescribed by The Stock Exchange of Hong Kong Limited from time to time) in a usual or common form, or in a form prescribed by The Stock Exchange of Hong Kong Limited, or in any other form acceptable by the Board; such instrument of transfer may only be signed by hand, or affixed with an effective corporate seal ((where the transferor or transferee is a corporation). If the transferor or the transferee is a recognized clearing house (as defined under the relevant ordinances in force from time to time under the laws of Hong Kong and the securities regulatory rules of the place(s) where the Company’s shares are [REDACTED]) (hereinafter referred to as “Recognized Clearing House”) or its agent, the instrument of transfer may be executed by hand or by mechanical printing.

All instruments of transfer shall be maintained at the legal address of the Company or such address designated by the Board from time to time.

The Company shall not accept its own shares as the subject of pledge.

Shares issued prior to the [REDACTED] of 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). Where laws, administrative regulations, the securities regulatory authority under the State Council, or The Stock Exchange of Hong Kong Limited otherwise provide for the transfer of shares of a [REDACTED] company held by its shareholders or de facto controllers, such provisions shall prevail.

The directors and senior management of the Company shall declare, to the Company, information on 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 determined upon taking 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 their shares of the Company within 6 months from the date of their resignation.

If the securities regulatory authority of the place where our Shares are listed stipulates other restrictions on the transfer of overseas listed foreign Shares, the relevant regulations shall be complied with at the same time.

Any gains from sale of the Company’s shares or other securities with equity nature by the Company’s directors, senior management or shareholders holding more than 5% of its shares within 6 months after their purchase of the same, or any gains from the purchase of the shares or other securities with equity nature by any of the aforesaid parties within six months after their sale of the same, shall belong to the Company and the Board of the Company shall recover such gains from the abovementioned parties, except for the circumstance that a securities company holds more than 5% of the shares of the Company as a result of purchase of all the unsold [REDACTED].

If the Board of the Company fails to comply with the provisions as set out above, shareholders are entitled to request the Board to satisfy the same within 30 days. If the Board fails to satisfy the same within the aforesaid period, such shareholder are entitled to file a lawsuit directly with the People’s Court in their own name for the benefit of the Company. If the Board of the Company fails to comply with provisions as set out above, the responsible director(s) shall assume joint and several liability in accordance with the law.

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Financial Assistance for Acquisition of Our Shares

Neither our Company nor any of its subsidiaries shall, by means of donation, advancement, guarantee, compensation, loan or other means, provide any financial aids to any person purchasing or intending to purchase Shares in our Company.

SHAREHOLDERS AND SHAREHOLDERS’ GENERAL MEETINGS

Register of Shareholders

Our Company shall, on the basis of the certificates provided by the securities registration authority, establish a register of members, which is sufficient evidence of the Shareholders’ shareholding in our Company. A Shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of Shares he/she holds. Shareholders holding the same class of Shares shall have the same rights and assume the same obligations.

The register of Shareholders registers the following matters, or registers matters in accordance with the laws, administrative regulations, departmental rules and the Listing Rules:

- (i) the name, address (domicile), occupation or nature of each Shareholder;
- (ii) the class and number of Shares held by each Shareholder;
- (iii) the amount paid or payable in respect to the Shares held by each Shareholder;
- (iv) the serial numbers of the Shares held by each Shareholder;
- (v) the date on which each Shareholder was registered as a Shareholder; and
- (vi) the date on which each Shareholder ceased to be a Shareholder.

Subject to the Articles of Association and other applicable regulations, once the Shares of our Company are transferred, the name of the transferee shall be listed in the register of Shareholders as the holder of the said Shares.

The original register of H Shareholders shall be kept in Hong Kong and made available for inspection by Shareholders, but our Company may suspend the registration of Shareholders (if necessary) in accordance with the applicable laws and regulations and the securities regulatory rules of the place where our Company’s Shares are [REDACTED]; a duplicate of the register of H Shareholders shall be kept at our Company’s domicile. The appointed overseas agent shall at all times ensure the consistency of the original and the duplicate(s) of the register of H Shareholders; in case of discrepancies between the original and the duplicate(s) of the register of H Shareholders, the original shall prevail.

If any person whose name appears in the register of Shareholders or requests to register his/her name (title) in the register of Shareholders loses his/her Share certificates, he or she may apply to our Company to reissue new share certificates for those Shares.

If any H Shareholder applies to the Company for a reissue after losing the share certificates, the matter may be handled in accordance with the laws of the place where the original register is kept, the rules of the stock exchange or other relevant regulations.

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SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

When our Company intends to convene a Shareholders’ general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholdings, the Board or the convenor of a general meeting shall determine an equity record date, and Shareholders registered on the register of members after the close of market on such date shall be the Shareholders entitled to the relevant rights and interests.

Shareholders

The Company shall maintain a register of shareholders with the evidence provided by the securities registration institution of the place where the Company’s shares are listed, and the register of members shall be sufficient evidence of the shareholders’ shareholding in the Company. 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 proxies to attend the general meeting and exercise corresponding voting rights (except in cases where the relevant matters are subject to the regulations of the securities regulatory authority of the stock exchange where the company’s shares are listed);
- (iii) to supervise, advise on or make inquiries about the operations of the Company;
- (iv) to transfer, grant 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, 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 listed, 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 from the dissenting shareholders who vote against the Company’s resolution on merger and division proposed at the general meeting;
- (viii) other rights provided by laws, administrative regulations, departmental rules, normative documents, the securities regulatory authority of the place(s) where the Company’s shares are listed, or the Articles of Association.

In the event that any resolution of the Shareholders’ general meeting or resolution of the Board violates laws or administrative regulations, the Shareholder is entitled to request the People’s Court to deem it as invalid. In the event that the convening procedure or voting method of the Shareholders’ general meeting or meeting of the Board violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People’s Court to overturn the resolution within 60 days upon the resolution was adopted (Unless the procedural or voting irregularity is minor and does not materially affect the resolution).

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Where our Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by Directors and senior management in the course of performing their duties, the Shareholders individually or jointly holding 1% or more of the Shares of our Company for over 180 consecutive days shall have the rights to request in writing to the board of the Audit Committee to initiate legal proceedings in the People’s Court. Where our Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by the Audit Committee in the course of performing their duties, the Shareholders individually or jointly holding 1% or more of the Shares of our Company for over 180 consecutive days shall have the rights to request in writing to the Board to initiate legal proceedings in the People’s Court.

In the event that the board of the Audit Committee or the Board refuses to file an action upon receipt of the Shareholders’ written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the People’s Court for the interest of our Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the Shareholder(s) specified in the Articles of Association may file an action with the competent People’s Court pursuant to the provisions of the preceding two paragraphs.

In the event of a Director or senior management violates laws, administrative regulations or our Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the competent People’s Court.

Shareholders of the Company shall assume the following obligations:

- (i) to comply with laws, administrative regulations and the Articles of Association;
- (ii) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (iii) not to return share unless required by laws and regulations;
- (iv) not to abuse their shareholders’ rights to infringe upon 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 listed 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.

If a shareholder of the Company uses two or more companies under its control to commit the acts specified in the preceding paragraph, each of such companies shall bear joint and several liability for the debts of any one of the companies.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Restrictions on Rights of Controlling Shareholders

The Controlling Shareholders and actual controllers of our Company shall not take advantage of their associated relationship to damage our Company's interests. Any loss caused to our Company as a result of such violation shall be compensated.

The Controlling Shareholders and actual controllers of our Company are obliged to act in good faith to our Company and the general public company Shareholders. The controlling Shareholders shall exercise their rights as capital contributors in strict accordance with the law and shall not impair the lawful rights and interests of our Company or of the general public company Shareholders by means of the distribution of profits, reorganisation of assets, external investment, misappropriation of assets, loan, or guaranty, nor shall he or she make use of his/her controlling position to impair the interests of our Company or of the general public company Shareholders.

General Provisions of the General Meeting

The general meeting of the Company shall be composed of all shareholders. The general meeting shall be the authority of the Company, and shall exercise the following functions and powers according to law:

- (i) to elect and replace directors who are not employee representatives 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 and losses recover proposals;
- (iv) to resolve on increases or reductions in the Company's registered capital;
- (v) to resolve on the issuance of corporate bonds;
- (vi) to resolve on the Company's merger, division, dissolution, liquidation or the change of corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to resolve on the Company's appointments and dismissals of accounting firms undertaking the Company's audit work;
- (ix) to consider and approve the guarantees as stipulated in Article 49 of the Articles of Association;
- (x) to consider and approve matters relating to the changes in the use of proceeds raised;
- (xi) to consider the equity incentive plan and employee shareholding schemes;
- (xii) to consider proposals submitted by shareholders representing more than 1% of the total number of shares of the Company with voting rights;
- (xiii) profit distribution plan;
- (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 listed and the Articles of Association.

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The above functions and powers of the general meeting shall be considered and decided by the general meeting; provided, however, that where necessary, reasonable and lawful, the general meeting may authorize the Board or other institutions and individuals to exercise other functions and powers on its behalf, and such authorization shall be clear and specific. When passing a relevant resolution, the general meeting may authorize the Board of Directors, or authorize relevant persons upon the Board’s delegation, to handle or implement the matters set forth in such resolution.

External guarantees that are required by laws, administrative regulations, normative documents, securities regulatory rules of the place(s) where the Company’s shares are listed, or the Articles of Association to be considered and approved by the general meeting of the Company shall be implemented only after approval by the general meeting of the Company.

When the general meeting considers a guarantee proposal for a controlling shareholder, de facto controller, or their related parties, such shareholder or the shareholder controlled by such de facto controller shall not participate in the voting on such proposal. Regardless of the amount, the proposal shall be submitted to the general meeting for consideration after approval by the Board. Except as provided in the preceding sentence, such voting shall require approval by more than half of the voting rights held by the other shareholders present at the general meeting.

If the Company provides a guarantee for its wholly-owned subsidiary, or provides a guarantee for its controlling subsidiary where the other shareholders of the controlling subsidiary provide guarantees in the same proportion based on their equity interests, and such arrangement does not harm the interests of the Company, the requirement for submission to the general meeting for consideration may be exempted.

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 6 months from the end of the preceding financial 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 required by the Articles of Association;
- (ii) the unrecovered losses of the Company amount to one-third of the total share capital;
- (iii) when any shareholder(s) with 10% or more shares of the Company separately or collectively request;
- (iv) whenever the Board deems it necessary;
- (v) whenever the Audit Committee proposes such a meeting be convened;
- (vi) other circumstances stipulated by the laws, administrative regulations, departmental rules, and the Articles of Association.

Convening of the General Meeting

The Board shall convene the general meeting on time within the specified period.

The independent directors are entitled to propose to the Board to convene an extraordinary general meeting.

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Concerning the independent Directors' proposal to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon receipt of such request. In the event that the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five days after the Board approves the resolution. In the event that the Board of Directors disagree to convene an extraordinary general meeting, it shall state the reasons and make a public announcement.

The Audit Committee shall have the right to propose to the Board to convene an extraordinary general meeting, and such proposal shall be submitted to the Board in writing.

The Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon receipt of such request. In the event that the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five days after the Board approves the resolution. Any changes to the original proposal made in the notice shall be agreed by the Audit Committee. In the event that the Board disagree to convene the extraordinary general meeting or fails to furnish a reply within 10 days upon receipt of such request, the Board shall be deemed as the failure of the Board to fulfill or unable to fulfill its duties to convene the general meeting, and the Audit Committee shall be entitled to convene and preside over a general meeting on their own accord.

Any shareholder(s) individually or collectively holding over 10% of the Company's shares shall be entitled to request the Board to convene an extraordinary general meeting, and such request shall be made in writing. The Board shall, in accordance with the laws, administrative regulations, and the Articles of Association, furnish a written reply stating whether it agrees or disagrees to convene the extraordinary general meeting within 10 days upon receipt of the request.

In the event that the Board agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five days after the Board approves the resolution. Any changes to the original request made in the notice shall be agreed by the relevant shareholders. In the event that the Board disagree to convene an extraordinary general meeting or fails to furnish a reply within 10 days upon receipt of such request, the shareholder(s) individually or collectively holding more than 10% of the shares of the Company shall be entitled to request the Audit Committee to convene an extraordinary general meeting, and such request shall be made in writing. In the event that 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 agreed by the relevant shareholders. Failure of the Audit Committee 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 collectively holding more than 10% of the shares of the Company for more than 90 consecutive days are entitled to convene and preside over the meeting on its/their own.

In event of Shareholder(s) convening and holding a general meeting on its/their own due to the failure of the Board or the board of the Audit Committee to convene the meeting according to the above requirements, the reasonable expenses incurred for such meeting shall be borne by our Company.

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Appointment of Proxy

Any Shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may or may not be a Shareholder of our Company) as his/her/its proxy to attend and vote on his/her/its behalf. If a Shareholder is an authorised clearing house (or its agent) as defined in the relevant regulations made from time to time in Hong Kong, the Shareholder may appoint its company representative or one or more persons he deems appropriate to act as its proxy at any general meeting of Shareholders.

A Shareholder may appoint a proxy in writing, and the appointing Shareholder or his/her attorney proxy shall sign a proxy form in writing; if the appointing Shareholder is a corporate entity, such appointment shall be signed by its duly authorised representative.

The proxy form shall be deposited to the domicile of our Company or other place specified in the notice of meeting at least 24 hours before the relevant meeting at which the proxy is authorized to vote, or at least 24 hours before the specified time of voting. Where the proxy form is signed by the duly authorised representative of the appointing Shareholder (being corporate entity), the power of attorney or other documents of authorisation shall be certified. The certified power of attorney or other documents of authorisation shall be deposited together with the proxy form to the domicile of our Company or other place specified in the notice of meeting.

The legal representative, or the person authorised by the Board or other decision-making body of the appointing Shareholder (being corporate entity) will attend and vote at the general meeting, on behalf of such appointing Shareholder.

A Shareholder being a recognised clearing house (or its agent) may appoint one person or more, it deems appropriate, as its proxy to attend and vote at any general meeting on its behalf; provided that, if more than one person is so appointed, the power of attorney shall contain the number and class of Shares involved by every such person so appointed. Any so appointed person may attend and exercise rights at the meeting on behalf of the recognised clearing house (or its agent), without presentation of Share certificate, certified authorisation and/or further evidence of official authorisation as if the person is an individual Shareholder of our Company. The duly authorised representative of a recognised clearing house may enjoy the same legal rights as other Shareholders, including the rights to speak and vote.

The format of any power of attorney issued by the Board for every Shareholder to appoint its proxy shall provide the Shareholder with the flexibility to instruct its proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting.

Such power of attorney shall specify whether the proxy can vote at his/her own discretion in absence of directives from the Shareholder.

If the appointing Shareholder was deceased, incapacitated, or its appointment or authorisation was withdrawn, or relevant Shares were transferred before voting, the vote made by the proxy so appointed shall be still valid, as long as our Company did not receive a notice in writing of such event before meeting.

Proposals and Notices of the General Meeting

The contents of proposals shall fall within the authority of general meetings.

The Board, the Audit Committee and the shareholder(s) individually or collectively holding more than 1% of the Company's shares shall be entitled to put forward proposals to the Company.

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The shareholder(s) individually or collectively holding more than 1% of the Company's shares may put forward temporary proposals and submit such proposals in writing to the convener in writing 10 days before the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days after 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.

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 interim proposals, or not in compliance with Article 60 of the Articles of Association shall not be voted on or resolved on at the general meeting.

The convener shall inform each shareholder of the forthcoming annual general meeting by way of announcement 20 days prior to the meeting and shall inform each shareholder of the forthcoming extraordinary general meeting by the way of announcement 15 days prior to the meeting. If laws, administrative regulations, or regulatory rules of the place(s) where the Company's shares are listed otherwise provide for the foregoing matters, such provisions shall prevail.

The notice of a general meeting shall include the following:

- (i) the time, venue and duration of the meeting;
- (ii) the matters and proposals submitted to the meeting for consideration;
- (iii) the notice shall state clearly that all shareholders are entitled to attend the general meeting, and may appoint proxies in writing, who need not be shareholders, to attend and vote at such meeting on their behalf;
- (iv) the shareholding registration date for shareholders entitled to attend the general meeting;
- (v) the name and telephone number of permanent contact persons in relation to the meeting;
- (vi) the voting time and procedure via the Internet or through other means;
- (vii) other requirements stipulated by the laws, administrative regulations, departmental rules, other regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

The notice and any supplemental notice of the general meeting shall fully and completely disclose all specific contents of each proposal, as well as all information or explanations necessary for shareholders to make a reasonable judgment on the matters to be discussed.

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 and exercise their voting rights in accordance with the relevant laws, regulations, normative documents, the securities regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association. 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.

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Professional Legal English Version An individual shareholder attending the general meeting in person shall produce his/her identity card or other valid identification credentials. A person attending the meeting as a proxy shall present his/her valid identity document and the shareholder's power of attorney.

A legal person shareholder shall be represented by its legal representative or a proxy duly authorized by such legal representative. Where the legal representative attends the meeting, he/she shall submit his/her identity card and valid qualification proof certifying his/her status as legal representative. Where a proxy attends, the proxy shall provide his/her identity card and the written power of attorney lawfully issued by the legal representative of the legal person shareholder.

A power of attorney issued by a shareholder for attending the general meeting shall set forth the following particulars:

- (i) Name of the principal and the volume of shares held by the principal;
- (ii) Name of the proxy;
- (iii) Explicit voting instructions of the shareholder, including directions to vote for, against or abstain from each examined matter on the meeting agenda;
- (iv) Issuance date and validity period of the power of attorney;
- (v) Signature or seal of the principal. Where the principal is a legal person shareholder, the official seal of the legal entity shall be affixed thereto.

The general meeting shall be presided over by the chairman of the Board. Where the chairman of the Board is unable or fails to perform 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 chairman of the Audit Committee. If the chairman 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 shall be passed by votes representing more than half of the voting rights represented by shareholders (including their proxies) present at the meeting. A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by shareholders (including their proxies) present at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board;
- (ii) profit distribution plans and plans to cover loss to be formulated by the Board of Directors;

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- (iii) removal and appointment of members of the Board of Directors, and their remuneration and the payment method of their remuneration;
- (iv) the annual report of the Company;
- (v) the appointment and dismissal of the accounting firm providing periodic audit services to the Company, and its remuneration;
- (vi) the adoption of equity/option incentive plans;
- (vii) 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 listed or the Articles of Association.

The following matters shall be resolved by a special resolution at a general meeting:

- (i) any increase or decrease in the Company's registered capital;
- (ii) division, spin-off, merger, dissolution or liquidation of the Company, voluntary winding-up, or change of the corporate form of the Company;
- (iii) any amendment to the Articles of Association;
- (iv) the Company's purchase or sale of any material assets or the amount of guarantee, within one year, which exceeds 30% of the latest audited period of total assets of the Company; and
- (v) any other matter specified in the laws, administrative regulations, securities regulatory rules of the place(s) where the Company's shares are listed 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 (except where the company is required to waive its voting rights on individual matters in accordance with the securities regulatory rules of the place where its shares are listed), and each share shall have one vote. On a poll, Shareholders (including proxies) with two or more votes need not use all their voting rights in the same way.

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.

The voting shares of the Company purchased by the shareholders in the violation of first and second paragraphs of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after purchasing the relevant shares, and shall not be included in the total number of voting shares present at a shareholders' general meeting. According to applicable laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place(s) where the Company's shares are listed, if any shareholder is required to abstain from voting on any particular resolution or is restricted to only vote in favor or only vote against, any vote cast by such shareholder (or its proxy) in violation of such provisions or restrictions shall not be counted in the voting result.

Subject to the requirements of applicable laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place(s) where the Company's shares are listed, the Board of Directors of the Company, independent directors, shareholders holding more than 1% of the shares with voting rights, or investor protection institutions established under the provisions of the

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China Securities Regulatory Commission (CSRC) may publicly solicit shareholders’ voting rights. Solicitation of shareholders’ voting rights shall fully disclose information such as specific voting intentions to the solicited persons. Solicitation of shareholders’ voting rights for compensation or in a disguised form of compensation is prohibited.

Except under statutory conditions, the Company shall not impose a minimum shareholding percentage requirement on the solicitation of votes.

When matters relating to connected transactions are considered at a general meeting, the 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-connected shareholders.

If, pursuant to laws, administrative regulations, departmental rules, normative documents, and the securities regulatory rules of the place(s) where the Company’s shares are listed, a connected shareholder is required to appear and make explanations, such connected shareholder shall have the duty and obligation to attend the meeting and make truthful explanations. The definition and scope of connected shareholders shall be determined in accordance with the relevant provisions of the securities regulatory authority and the stock exchange of the place(s) where the Company’s shares are listed.

When the general meeting makes a resolution on matters relating to connected transactions, depending on whether the resolution is an ordinary resolution or a special resolution, the resolution shall be passed by more than half or not less than two-thirds of the voting rights held by the non-connected shareholders present at the general meeting, respectively. The voting on the resolution relating to connected transactions shall be counted and supervised by two representatives of non-connected shareholders.

Other than the cumulative voting system, the Shareholders’ general meeting shall vote on all proposals one by one. For different proposals on the same matter, voting shall be proceeded according to the time order of these proposals. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to a resolution, the Shareholders’ general meeting shall not put aside the proposals or withhold from voting.

Shareholders’ general meeting adopt vote by registered ballot. When voting at a Shareholders’ general meeting, Shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor with all of their votes.

When Shareholders’ general meeting is voting on any proposals, Shareholders’ representatives shall be jointly responsible for vote counting and scrutinising, and the voting results shall be announced in the meeting and recorded in the minutes.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Any natural person may not serve as a director of our Company if he/she:

- (i) has no civil capacity or has limited civil capacity;
- (ii) has been subject to criminal penalties due to corruption, bribery, embezzlement or misappropriation of property or sabotaging the socialist market economic order, or has been deprived of his/her political rights due to any crime conviction, where no more than five years have elapsed since the date of completion of the execution of such penalty or deprivation;

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- (iii) has served as a former director, the factory chief, or the manager of a company or enterprise bankrupt or liquidated, and was held personally liable for the bankruptcy, and three years have not elapsed since the date of completion of the bankruptcy or liquidation of such company or enterprise;
- (iv) has served as the legal representative of a company or enterprise whose business license was revoked or which is ordered to close down due to any violation of law, and was held personally liable for the revocation, and three years have not elapsed since the date of;
- (v) has defaulted on a personal debt in a significant amount;
- (vi) has been banned from entering the securities market by the relevant regulatory authority and the period has not elapsed; or
- (vii) is banned from doing so as prescribed by laws, administrative regulations, departmental rules, regulatory authorities of the place where our Company’s securities are listed or the Hong Kong Listing Rules.

If a Director is elected or appointed in violation of the provisions of the preceding paragraph, such election, appointment or employment shall be null and void. Our Company shall dismiss a director from office if such circumstances arise during his/her term of office.

Directors shall be elected or replaced by the general meeting, and each term of office shall be three years. Upon expiration of their term, directors may be re-elected for consecutive terms; provided that if an independent director’s term exceeds nine years, his/her re-appointment shall be subject to the relevant review procedures as required by the listing rules of the place(s) where the Company’s shares are listed.

Before the expiration of a director’s term, the general meeting shall not remove him/her from office without cause. Subject to applicable laws, administrative regulations or securities regulatory rules of the place(s) where the Company’s shares are listed, the general meeting may, by way of an ordinary resolution, remove any director whose term has not expired (provided that such removal shall not affect any claim for damages by such director under any contract).

The term of a director shall commence from the date of assuming office and end on the date of expiration of the term of the then current Board of the Company. If a director’s term expires and a re-election has not taken place, the outgoing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the newly elected director assumes office.

Unless otherwise provided by applicable laws, administrative regulations or securities regulatory rules of the place(s) where the Company’s shares are listed, if the Board of the Company appoints a new director to fill a casual vacancy on the Board, the term of such appointed director shall last until the first general meeting following his/her appointment, at which meeting he/she shall be eligible for re-election.

A Director shall comply with the laws, administrative regulations, the regulatory rules of the place where our Company’s securities are listed and the Articles of Association and has the following fiduciary obligations to the Company:

- (i) not to expropriate the Company’s property or to misappropriate the Company’s funds;
- (ii) not to open any account in his/her own name or in other’s own name for the deposit of the Company’s assets or funds;
- (iii) not to exploit his/her position to accept bribes or to obtain other illegal income;

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- (iv) not to, without having reported to the Board of the Company or the general meeting and obtained the approval of the Board or the general meeting by a resolution passed in accordance with the Articles of Association, directly or indirectly enter into any contract or conduct any transaction with the Company;
- (v) not to, by taking advantage of their position, seek for themselves or others any business opportunities belonging to the Company, except where they have reported to the Board or the general meeting and obtained the approval of the general meeting by a resolution, or where the Company is unable to take advantage of such business opportunity in accordance with laws, administrative regulations or the Articles of Association;
- (vi) not to, without having reported to the Board or the general meeting and obtained the approval of the general meeting by a resolution, operate the same kind of business as that of the Company on their own account or for the account of any other person;
- (vii) not to accept commissions in connection with the Company’s transactions;
- (viii) not to disclose the secrets of the Company without consent;
- (ix) not to use their connections to harm the interests of the Company; and
- (x) to be bound by other fiduciary obligations stipulated by the laws, administrative regulations, departmental rules, and the Articles of Association.

Any gain arising from the breach of the preceding paragraphs by the Director shall belong to our Company. He/she shall be liable for compensation for any loss of the Company arising therefrom.

A Director shall comply with the laws, administrative regulations, departmental rules, the regulatory rules of the place where our Company’s securities are listed and the Articles of Association and shall diligently perform the following obligations to our Company:

- (i) to exercise prudently, conscientiously and diligently the rights granted by our Company to ensure our Company’s commercial acts in compliance with the State laws, administrative regulations, departmental rules and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business licence;
- (ii) to treat all Shareholders equally;
- (iii) to understand the business operation and management of our Company in a timely manner;
- (iv) to sign written confirmation on regular reports of our Company and to ensure the integrity, accuracy and completeness of the information disclosed by our Company;
- (v) to provide relevant conditions and information to the audit committee truthfully and shall not intervene the performance of the audit committee or audit committee members of their functions and powers; and
- (vi) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules, the Listing Rules and the Articles of Association.

If any Director fails to attend in person or appoint other Directors as his/her representative to attend meetings of the Board for two consecutive times, such Director shall be deemed as unable to perform his/her duties, and the Board shall propose to replace such Director at the Shareholders’ general meeting.

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A Director may submit his/her resignation before the expiry of his/her term of office. Where a Director resigns, he/she shall submit a written resignation report to the Board.

When a Director's resignation becomes effective or his/her term of office expires, he or she shall complete all procedures for transfer to the Board. His/her obligation to keep our Company's trade secrets confidential shall remain in effect after the end of his or her term of office until such secrets become public information.

No Director shall act in his/her own name for our Company or the Board without authorisation by the Board or unless otherwise provided in the Articles of Association. Where a Director acts in his/her own name in a situation where a third party may reasonably believe that such director is acting for our Company or the Board, such Director shall declare in advance his/her stance and identity.

Directors may concurrently serve as senior management officers.

The Board of Directors

The Company shall establish a Board of Directors. The Board of Directors shall comprise nine directors, including three independent non-executive directors and a chairman. The chairman of the Board shall be elected by a board meeting with a majority votes of all directors.

The Board of Directors shall exercise the following functions and powers:

- (i) to convene the general meeting and report on their work to the general meeting;
- (ii) to implement the resolutions of the general meetings;
- (iii) to decide on the business plans and investment plans of the Company;
- (iv) to formulate the plans for profit distribution and loss recovery plan 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 listing plan 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, matters such as external investments, the acquisition and sale of assets, asset pledge, external guarantee matters, consigned financial management, related party transactions, external donations;
- (viii) to decide the establishment of the internal management structure of the Company;
- (ix) to decide the appointment or dismissal of the Company's general manager;
- (x) to decide the secretary to the Board of Directors and other senior management personnel, and determine their remunerations, rewards and penalties; and according to the nomination by the manager, to decide 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;
- (xi) to formulate the Company's basic management system;
- (xii) to formulate proposals for any amendment to the Articles of Association;

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- (xiii) to manage the information disclosure of the Company;
- (xiv) to propose at the general meeting the appointment or change of any accounting firm acting as the auditors of the Company;
- (xv) to listen to the work reports of the Company's general manager and inspect his/her work; and
- (xvi) to exercise other functions and powers conferred by laws, administrative regulations, department rules, the Articles of Association, or the general meeting.

The Board meetings are classified into regular meetings and extraordinary meetings.

The Board shall make an explanation at the Shareholders' general meeting for the non-standard audit opinions on the financial report of our Company issued by the certified public accountant.

The Board shall formulate the rules of procedures of the Board meeting to ensure the implementation of resolutions of the Shareholders' general meeting, enhance the working efficiency and ensure the scientific decision making.

The Board meetings shall be held at least four times every year (approximately one meeting every quarter) and such meetings shall be convened by the chairman of the Board. Notice of a regular meeting of the Board of the Company shall be given at least 14 days in advance (excluding the day of the meeting), if necessary, to the general manager and other senior management shall be given and notice of an extraordinary meeting shall be given at least 3 days in advance. The notice period specified in the preceding provisions may be waived with the unanimous consent of all directors of the Company.

In case of emergency where an extraordinary meeting of the Board needs to be convened as soon as possible, the meeting notice may be given at any time by telephone or other oral means (without being subject to the aforementioned advance notice period of at least three days); provided that the convener shall explain the circumstances at 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 interim meeting of the Board of the Company. The chairman of the Board shall, within 10 days after receiving such proposal, convene and preside over the Board meeting.

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.

The voting on resolutions of the Board of the Company shall be conducted on the basis of one vote per director.

Directors shall attend the Board meetings in person. If a director is unable to attend a Board meeting for any reason, he/she shall carefully select and authorize, by a written power of attorney, another director to attend the meeting on his/her behalf. The power of attorney shall be signed or sealed by the appointing director, and shall specify the name of the proxy, the matters authorized, the scope of authority, and the validity period. A director's liability for voting matters shall not be exempted by reason of authorizing another director to attend the meeting on his/her behalf. A director who fails to attend a Board meeting and does not authorize a proxy to attend the meeting shall be deemed to have waived the right to vote at such meeting.

A Director who is connected to the enterprises involved in a resolution of the meeting of the Board shall neither exercise his/her voting rights nor exercise another Director's voting rights as a proxy. Such meeting of the Board shall be held only when more than half of the disinterested Directors, and the

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resolution of the meeting of the Board shall be approved by more than half of such disinterested Directors. In case of less than three disinterested Directors present at the meeting, such matter shall be submitted to the Shareholders’ general meeting for deliberation.

Special Committees under the Board

The Board of Directors shall establish an Audit Committee, a Nomination Committee, a Remuneration and Appraisal Committee as special committees. Each special committee shall carry out its work under the authorization of the Board, provide advisory opinions for the Board’s decision-making, and be responsible to the Board. The composition and functions of the special committees shall be determined by the Board. The special committees shall submit work reports to the Board.

Members of the Senior Management

The senior management members include the manager, deputy managers, person-in-charge of finance, secretary to the Board of Directors and other senior management members confirmed by a resolution of the Board of Directors as holding important positions.

The Company shall have one manager, who shall be appointed or dismissed by the Board of Directors.

The provisions of the Articles of Association regarding the circumstances under which a Director may not serve as a Director shall also apply to the general manager and other senior management personnel. The provisions of the Articles of Association concerning the duties of fidelity and diligence of Directors shall also apply to the general manager and other senior management personnel.

The manager shall be accountable to the Board of Directors and shall 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 on work to the Board;
- (ii) to organize and implement the Company’s annual business plans and investment proposals;
- (iii) to draft the Company’s plans for the establishment of its internal management structure;
- (iv) to draft the Company’s basic management system;
- (v) to formulate specific rules and regulations of the Company;
- (vi) to propose to the Board of Directors the appointment or dismissal of the Company’s deputy managers, the person-in-charge of finance, and other senior management members;
- (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 of Directors.

The manager shall attend the meetings of the Board of Directors.

Deputy managers of the Company shall be nominated by the manager and appointed or dismissed by the Board of Directors.

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Deputy managers shall assist the manager in performing his/her duties, be responsible to the manager, may attend the manager’s working meetings, and express opinions on the operation and management of the Company.

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.

If any senior management member, when performing their duties for the Company, violates any provision of laws, administrative regulations, departmental rules or the Articles of Association and thereby causes losses to the Company, they shall bear compensation liability.

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.

The controlling shareholder, de facto controller and their connected persons shall respect the independence of the Company’s finance and shall not interfere with the financial and accounting activities of the Company.

The Company shall prepare its annual financial report within 4 months from the end of each financial year. The aforesaid financial report shall be prepared in accordance with the provisions of relevant laws, administrative regulations and departmental rules.

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, except where the distribution is not proportionate according to laws and regulations, the regulatory rules of the place where the company’s securities are listed, the Listing Rules or the Articles of Association.

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If the Shareholders’ general meeting violates the above provisions and profits are distributed to the Shareholders before our Company making up for losses and making allocations to the statutory reserve, the profits distributed in violation of the provisions shall be returned to our Company by such Shareholders.

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, employs full-time audit personnel, and conducts internal audit supervision over the Company’s financial revenues and expenditures and economic activities.

The Company’s internal audit system and the duties of the audit personnel shall be implemented upon approval by the Board. The head of audit shall be responsible to the Board and report its work to the Board of Directors.

Engagement of an Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law and the securities regulatory rules of the place(s) where the Company’s shares are listed 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 appointment or dismissal of an accounting firm by the Company shall be submitted to the Board of Directors and the general meeting for consideration after being reviewed and approved by the Audit Committee. The appointment, dismissal or non-renewal of an accounting firm by the Company must be decided by the general meeting.

The Board of Directors shall not engage an accounting firm before the decision is made at the general meeting, except as otherwise provided in the Articles of Association.

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 remuneration of the 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 the position of an appointed accounting firm is vacant, the Board may appoint an accounting firm and determine its remuneration before the start of Shareholders’ general meeting, provided that such appointment shall be confirmed by the next Shareholders’ general meeting. However, if during the vacant period, our Company has other incumbent accounting firm, such accounting firm may still perform.

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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 Increases and Reductions

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 media designated by the Company 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 media designated by the Company 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.

Our Company’s registered capital shall not be lower than the statutory minimum level required by law after capital reduction.

Where the Company increases or reduces its registered capital, it shall go through registration amendments with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) the expiration of the business operation set out in the Articles of Association or the occurrence of other grounds for dissolution as stipulated in the Articles of Association;
- (ii) a resolution for dissolution is passed at a shareholders’ general meeting;
- (iii) dissolution is necessary due to the merger or division of the Company;

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- (iv) the business license being revoked, or being ordered to close down, wind up or is wound up in accordance with the law;
- (v) the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding more than 10% of the voting rights of the Company may appeal to the People's Court for dissolution of the Company

Where any of the grounds for dissolution of the Company as specified in the preceding paragraph occurs, the Company shall, within 10 days, publicize such grounds for dissolution through the National Enterprise Credit Information Publicity System.

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 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 from the emergence of the reasons for dissolution. The liquidation committee shall be composed of directors, unless otherwise provided in the Articles of Association or otherwise resolved by the general meeting. If the persons with liquidation obligations fail to perform their liquidation obligations in a timely manner, thereby causing losses to the Company or its creditors, they shall bear compensation liability.

The liquidation group shall perform the following duties during the liquidation:

- (i) to check the assets of our Company and prepare a balance sheet and an inventory of assets;
- (ii) to notify the creditors by notice or announcement;
- (iii) to deal with the outstanding affairs of our Company connected with the liquidation;
- (iv) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (v) to settle all creditors' rights and debts;
- (vi) to dispose of the remaining assets of our Company after the settlement of debts; and
- (vii) to represent our Company in any civil proceedings.

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.

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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, or normative documents, the provisions of the Articles of Association conflict with the revised laws, administrative regulations, or normative documents;
- (ii) The Company's situation changes and is inconsistent with the matters recorded 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.

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A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on September 17, 2013, and further converted into a joint stock company with limited liability on July 31, 2025.

As of the date of this Document, our registered office and head office are located at Room 301, Building A, No. 2 Ruitai Road, Huangpu District, Guangzhou, Guangdong, the PRC, our Company’s corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix III to this Document.

Our Company has established a principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 9, 2026. Ms. Li Chiao Ling, one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of the service of process on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

2. Changes in Share Capital of Our Company

Save as disclosed in the section headed “History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes” in this Document, there has been no alteration in our share capital within the two years immediately preceding the date of this Document.

3. Changes in the Share Capital of Our Subsidiaries

The following sets out the changes in share capital of our subsidiaries during the two years immediately preceding the date of this Document:

On September 13, 2024, Qingyuan Zhiyi was established in the PRC as a limited liability company with a registered capital of RMB2,000,000.

Save as disclosed above, there has been no alteration in the share capital of any of the principal operating entities of the Company within the two years immediately preceding the date of this Document.

4. Resolutions of Our Shareholders in Relation to the [REDACTED]

At the general meeting of our Company held on May 28, 2026, among other things, the following resolutions were passed by the Shareholders:

- (i) the [REDACTED] by our Company of H Shares of the 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 before the exercise of the [REDACTED] shall not exceed [REDACTED] Shares and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the above number of H Shares to be issued;
- (iii) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on [REDACTED]; and
- (iv) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of H Shares on the Hong Kong Stock Exchange;

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- (v) upon completion of the [REDACTED], the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares (excluding any treasury shares or Shares which may be issued pursuant to the exercise of the [REDACTED]) as at the [REDACTED];
- (vi) upon completion of the [REDACTED], the granting of a general mandate to the Board to (i) allot, issue and deal with Shares; and (ii) sell and/or transfer H Shares out of treasury that are held as treasury shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders share or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue (excluding any treasury shares or Shares which may be issued pursuant to the exercise of the [REDACTED]) as at the [REDACTED]; and
- (vii) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [REDACTED].

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Document concerning the repurchase of our own securities.

(a) Reasons for repurchase

The Board considered that the repurchase of the Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors’ confidence in the Company and promote a positive effect on maintaining the Company’s reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

Following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

(b) Exercise of the general mandate to repurchase Shares

Subject to the passing of the resolution approving the grant of the general mandate to repurchase H Shares at annual general meetings, the Board will be granted general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

- (i) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or
- (ii) the revocation or variation of the mandate under the resolution by a resolution at any general meeting of the Company.

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Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of [REDACTED] H [REDACTED] in issue as of the [REDACTED] and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the next annual general meeting to be held after the [REDACTED]) would result in a maximum of [REDACTED] H Shares being repurchased by the Company during the relevant period, being the maximum of 10% of the H Shares in issue (excluding any treasury shares or Shares which may be issued pursuant to the exercise of the [REDACTED]) as of the [REDACTED].

(c) Source of funds

In repurchasing its Shares, the Company intends to apply funds from the Company’s internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its Shares. Any shares to be repurchased will be canceled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase Shares is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

(f) Status of repurchased Shares

Subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations, the Shares repurchased by the Company will be canceled or kept as treasury shares.

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(g) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

(h) Interim measures

For any treasury shares of the Company deposited with [REDACTED] pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

- (i) procuring its broker not to give any instructions to [REDACTED] to vote at general meetings for the treasury shares deposited with [REDACTED];
- (ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from [REDACTED], and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; or
- (iii) taking any other measures to ensure that it will not exercise any Shareholders’ rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

(i) General

Our Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares upon [REDACTED].

If the general mandate to repurchase Shares were to be carried out in full at any time, there may be a material and adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors have undertaken to the Stock Exchange that they will exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws in the PRC. Neither the Explanatory Statement on Repurchase of Our Own Securities nor the proposed share repurchase has any unusual feature.

5. Summary of Material Contract[s]

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this Document and are or may be material:

- (a) [●]; and
- (b) [REDACTED].

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6. Intellectual Property Rights of Our Group

(a) Patents

(i) Registered Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent Name	Patent Number	Registration Date	Type	Patentee
1 . .	Use of <i>Bacteroides fragilis</i> in animal breeding (脆弱擬桿菌在動物養殖中的應用)	ZL 201510459407.5	November 6, 2020	Invention	the Company
2 . .	Use of a strain of <i>Bacteroides fragilis</i> in preventing and/or treating inflammatory bowel disease (一種脆弱擬桿菌在預防和／或治療炎症性腸病中的應用)	ZL 201510728725.7	February 15, 2019	Invention	the Company
3 . .	Use of <i>Bacteroides fragilis</i> and its extract in preparing medicine for preventing and treating irritable bowel syndrome (脆弱擬桿菌及其提取物在製備防治腸易激綜合徵的藥物中的應用)	ZL 202110977532.0	October 4, 2022	Invention	the Company
4 . .	Use of <i>Bacteroides fragilis</i> in preparing medicine for preventing and treating irritable bowel syndrome (脆弱擬桿菌在製備防治腸易激綜合徵的藥物中的應用)	ZL 202210968927.9	September 16, 2025	Invention	the Company
5 . .	Phosphorylated TP2 polysaccharide, preparation method and use thereof (磷酸化TP2多糖及其製備方法和應用)	ZL 201711297565.0	August 6, 2021	Invention	the Company
6 . .	Use of <i>Bacteroides fragilis</i> extract in preparing composition for preventing and treating psoriasis (脆弱擬桿菌提取物在製備防治銀屑病的組合物中的應用)	ZL 201711342761.5	July 9, 2021	Invention	the Company
7 . .	Use of <i>Bacteroides fragilis</i> extract in preparing composition for preventing and treating allergic dermatitis (脆弱擬桿菌提取物在製備防治過敏性皮炎的組合物中的應用)	ZL 201711359935.9	July 9, 2021	Invention	the Company
8 . .	Preparation method of capsular polysaccharide A of <i>Bacteroides fragilis</i> (脆弱擬桿菌莢膜多糖A的製備方法)	ZL 202110660150.5	June 14, 2024	Invention	the Company
9 . .	Culture medium, preparation method thereof and method for culturing <i>Bacteroides fragilis</i> using same (培養基及其製備方法、用其培養脆弱擬桿菌的方法)	ZL 202110728771.2	March 21, 2023	Invention	the Company

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No.	Patent Name	Patent Number	Registration Date	Type	Patentee
10 .	Use of <i>Bacteroides fragilis</i> combined with immune checkpoint inhibitor in treating digestive system tumors (脆弱擬桿菌與免疫檢查點抑制劑聯用在治療消化系統腫瘤中的應用)	ZL 202210033001.0	July 25, 2023	Invention	the Company
11 .	Use of <i>Bacteroides fragilis</i> combined with immune checkpoint inhibitor in treating skin tumors (脆弱擬桿菌聯合免疫檢查點抑制劑在治療皮膚腫瘤中的應用)	ZL 202210034074.1	July 25, 2023	Invention	the Company
12 .	Novel use of <i>Bacteroides fragilis</i> and immune checkpoint inhibitor (脆弱擬桿菌和免疫檢查點抑制劑的新應用)	ZL 202210030390.1	April 28, 2023	Invention	the Company

(ii) Patents under Application

As of the Latest Practicable Date, we had also applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Applicant	Place of Application	Application Number	Application Date
1 . .	An inactivated <i>Bacteroides fragilis</i> powder and preparation method thereof (一種脆弱擬桿菌滅活菌粉及其製備方法)	the Company	PRC	2021111889739	October 12, 2021
2 . .	Use of <i>Bacteroides fragilis</i> in preventing and treating cancer-related diarrhea (脆弱擬桿菌在防治癌症相關腹瀉中的應用)	the Company	PRC	202111188989X	October 12, 2021
3 . .	Use of <i>Bacteroides fragilis</i> in preparing medicine for treating oral mucosal diseases (脆弱擬桿菌在製備治療口腔黏膜病的藥物中的應用)	the Company	PRC	2024103528427	June 8, 2022
4 . .	Use of <i>Akkermansia muciniphila</i> in preparing composition for improving metabolic syndrome (嗜黏蛋白阿克曼菌在製備改善代謝綜合徵的組合物中的應用)	the Company	PRC	2024116955660	June 8, 2022
5 . .	Use of <i>Bacteroides fragilis</i> in improving and treating diarrhea (脆弱擬桿菌在改善和治療腹瀉中的應用)	the Company	PRC	202211339890X	October 28, 2022
6 . .	Use of <i>Bacteroides fragilis</i> in prevention and treatment of cancer-related diarrhea	the Company	USA	US18/700,420	September 19, 2022
7 . .	Use of <i>Bacteroides fragilis</i> in prevention and treatment of cancer-related diarrhea	the Company	Europe	EP22880094.2	September 19, 2022

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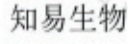
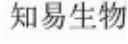
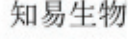
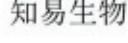
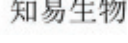
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No.	Patent	Applicant	Place of Application	Application Number	Application Date
8. . .	Use of <i>Bacteroides fragilis</i> in improvement and treatment of diarrhea	the Company	USA	US18/833,059	December 29, 2022
9. . .	Use of <i>Bacteroides fragilis</i> in improvement and treatment of diarrhea	the Company	Europe	EP22923662.5	December 29, 2022
10. .	Use of <i>Bacteroides fragilis</i> in improvement and treatment of diarrhea	the Company	Australia	AU2022436554	December 29, 2022

(b) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Class	Registered Owner	Expiry Date
1. . .		China	40865692	5	The Company	June 27, 2030
2. . .		China	40847203	5	The Company	August 27, 2030
3. . .		China	40862929	42	The Company	September 6, 2030
4. . .		China	48289058	5	The Company	March 20, 2031
5. . .		China	48313663	35	The Company	October 20, 2031
6. . .		China	49622139	42	The Company	January 6, 2032
7. . .		China	54776402	5	The Company	October 13, 2032
8. . .		China	60303767	35	The Company	December 20, 2032
9. . .		China	60311857	5	The Company	December 20, 2032
10. .		China	60328395	42	The Company	December 20, 2032

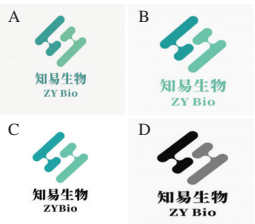
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No.	Trademark	Place of Registration	Registration No.	Class	Registered Owner	Expiry Date
11.		China	54784680	35	The Company	February 27, 2033
12.		China	68331349	42	The Company	February 6, 2034
13.		China	58099272	35	The Company	March 6, 2034
14.		China	68320667	5	The Company	August 13, 2034

Trademarks under Application

As of the Latest Practicable Date, we had also applied for the registration for the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Application No.	Applicant	Class	Application Date
1.	 (a series of marks)	Hong Kong	307233615	The Company	5, 42	March 31, 2026
2.	 (a series of marks)	Hong Kong	307293051	The Company	5, 42	May 28, 2026
3.	 (a series of marks)	Hong Kong	307293060	The Company	5, 42	May 28, 2026

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STATUTORY AND GENERAL INFORMATION

(c) Domain Name

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain name in China which we consider to be or may be material to our business:

No.	Domain	Registrant	Expiry Date
1.	zypharm.com.cn	the Company	September 15, 2027

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

B. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors and chief executive

(i) Disclosure of Interests

Saved as disclosed below, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Positions in our Company	Nature of Interest	As of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
			Number and class of Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number and class of Shares	Approximate percentage of shareholding in the total share capital of our Company ⁽²⁾
Dr. Zhi	Chairman of the Board and non-executive Director	Interest in controlled corporation ⁽³⁾	11,430,037 Unlisted Shares	37.26%	[REDACTED]	[REDACTED]%
Mr. Cao Da . .	Non-executive Director	Interest in controlled corporations ⁽⁴⁾	4,128,663 Unlisted Shares	13.46%	[REDACTED]	[REDACTED]%
Dr. Liu Yangyang ⁽⁵⁾ .	Deputy general manager	Beneficial interest	1,147,963 Unlisted Shares	3.74%	[REDACTED]	[REDACTED]%
		Interest in controlled corporation ⁽⁶⁾	786,138 Unlisted Shares	2.56%	[REDACTED]	[REDACTED]%
Dr. Wang Ye . .	Executive Director and general manager	Beneficial interest	975,776 Unlisted Shares	3.18%	[REDACTED]	[REDACTED]%
Ms. Li Xuexiang ⁽⁷⁾	Non-executive Director	Interest of spouse	267,263 Unlisted Shares	0.87%	[REDACTED]	[REDACTED]%

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Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since [REDACTED] Unlisted Shares will be converted into H Shares and [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.
- (3) As of Latest Practicable Date, Zhuhai Yichangda directly held 11,430,037 Unlisted Shares of our Company, which represents 37.26% interests in our Company. Zhuhai Yichangda is controlled by Dr. Zhi as its sole general partner. As such, by virtue of SFO, Dr. Zhi is deemed to be interested in the Shares held by Zhuhai Yichangda.
- (4) As of Latest Practicable Date, Qingkong Jinxin, Jinxin Yunrong, Jinxin Yuanhui and Jinxin Qingyun directly held 1,520,000, 1,281,648, 1,247,015 and 80,000 Unlisted Shares of our Company, which represents 4.96%, 4.18%, 4.07% and 0.26% interests in our Company. Each of the executive and general partner of Qingkong Jinxin, Jinxin Yunrong, Jinxin Yuanhui and Jinxin Qingyun is controlled by Mr. Cao Da. As such, by virtue of SFO, Cao Da is deemed to be interested in the Shares held by Jinxin Entities.
- (5) As of the Latest Practicable Date, Dr. Liu Yangyang is our Director. He will resign from directorship immediately prior to the [REDACTED] and continues to serve as a senior management upon [REDACTED].
- (6) As of the Latest Practicable Date, Zhuhai Xinrui, our Employee Incentive Platform, directly held 786,138 Unlisted Shares of our Company, which represents 2.56% interests in our Company. Zhuhai Xinrui is controlled by Dr. Liu Yangyang as its sole executive and general partner. As such, by virtue of SFO, Dr. Liu Yangyang is deemed to be interested in the Shares held by Zhuhai Xinrui.
- (7) As of Latest Practicable Date, Guangdong Yurui directly held 267,263 Unlisted Shares of our Company, representing 0.87% interests in our Company. Guangdong Yurui is controlled and managed by its executive and general partner, Li Kaiping (李開平), who is the spouse of our non-executive Director, Ms. Li Xuexiang. As such, by virtue of SFO, Ms. Li Xuexiang is deemed to be interested in the Shares held by Li Kaiping through Guangdong Yurui.

(ii) Particulars of Service Contracts

Each of our Directors [has] entered into a service contract with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following their respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors’ Remuneration

For details of the Directors’ remuneration, see “Directors and Senior Management — Compensation of Directors and Five Highest Paid Individuals” and Note 8 and Note 9 to the Accountants’ Report as set out in Appendix I to this Document.

2. Substantial Shareholders

(i) Interest in the Shares of Our Company

For information on the persons who will, immediately following the completion of the [REDACTED], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any meeting of our Company, see “Substantial Shareholders.”

Save as disclosed in the section headed “Substantial Shareholders” in this Document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED], having or be deemed or taken to the beneficial interests or short

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position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

(ii) Interest in the Shares of Our Company’s Subsidiaries

As of the Latest Practicable Date, our Directors are not aware of any persons who would, immediately following the completion of the [REDACTED], be directly or indirectly interested in 10% or more of the issued voting shares of the subsidiaries of our Group (other than our Company).

3. Disclaimers

- (i) Save as disclosed in “History, Development and Corporate Structure” and this Appendix, none of our Directors or any of the parties listed in “— D. Other Information — 7. Qualifications and consents of experts” in this section:
 - (a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have 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; or
 - (b) is materially interested in any contract or arrangement subsisting at the date of this Document that is significant in relation to our business;
- (ii) Save as disclosed in this Appendix and in connection with the [REDACTED], none of the parties listed in “— E. Other Information — 7. Qualifications and consents of experts” in this section:
 - (a) is interested legally or beneficially in any Shares in any member of our Group; or
 - (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (iii) Save as disclosed in this Document, none of our Directors or their close 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 top five customers or suppliers; and
- (iv) Save as disclosed in “Substantial Shareholders,” none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [REDACTED] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

C. PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEMES

The following is a summary of the principal terms of the Pre-[REDACTED] Employee Incentive Schemes adopted by our Company prior to the [REDACTED], comprising (i) the 2017 Employee Incentive Scheme and (ii) the 2023 Employee Incentive Scheme. In recognition of the contributions of our management and employees and to incentivize them to further promote our development, we adopted the 2017 Employee Incentive Scheme in May 2017 and the 2023 Employee Incentive Scheme in November 2023. Zhuhai Xinrui is our Employee Incentive Platform established in the PRC in March 2020. As of the Latest Practicable Date, Zhuhai Xinrui held approximately 2.56% of our issued Shares.

All awards under the Pre-[REDACTED] Employee Incentive Schemes were granted to specified participants as of the date of this Document, and the Pre-[REDACTED] Employee Incentive Schemes do not involve any grant of new Shares or restricted shares by the Company after the [REDACTED]. Accordingly, the Pre-[REDACTED] Employee Incentive Schemes will not cause any dilution of the shareholding of our Shareholders after the [REDACTED]. The terms of the Pre-[REDACTED] Employee

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Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-[REDACTED] Employee Incentive Schemes do not involve the grant of new Shares or restricted shares by our Company after the [REDACTED].

Purpose

The primary purpose of the Pre-[REDACTED] Employee Incentive Schemes is to improve the incentive mechanism of our Group, recognise and reward the contributions of the employees, further enhance their sense of responsibility and commitment to our Group, align their interests with the long-term development of our Group, and promote the continued growth and development of our Group.

Eligible Participants

Persons eligible to participate in the Pre-[REDACTED] Employee Incentive Schemes include core team members, senior management members, core technical personnel, management personnel and other employees of our Group who had contributed to the development of our Group (the “**Eligible Participants**”).

Form of the Pre-[REDACTED] Employee Incentive Schemes

The share incentive under the Pre-[REDACTED] Employee Incentive Schemes were granted in the form of equity interests in our Company, either (a) directly through holding the Shares of the Company by Dr. Wang Ye or Dr. Liu Yangyang or (b) indirectly by way of partnership interests in Zhuhai Xinrui (the “**Awards**”), pursuant to which, the relevant Eligible Participants subscribed for partnership interests in Zhuhai Xinrui according to the number of awards granted to them under the relevant Pre-[REDACTED] Employee Incentive Schemes. Zhuhai Xinrui, in turn, subscribed for and held equity interests in our Company.

Total Number of the Underlying Shares of the Awards

As of the Latest Practicable Date, Zhuhai Xinrui held 786,138 Shares, representing approximately 2.56% of the total issued Shares of our Company immediately prior to the [REDACTED]. As of the date of this Document, all the Shares held by Zhuhai Xinrui were subscribed by the Eligible Participants, and the relevant registration had been completed.

Administration

The Board, or individuals authorized by the Board, are authorized to implement, amend, suspend, and interpret the Pre-[REDACTED] Employee Incentive Schemes.

Term

The Pre-[REDACTED] Employee Incentive Schemes shall remain effective from their respective effective dates until all Underlying Shares of the Awards have been fully exercised, repurchased, transferred or otherwise disposed of in accordance with the terms of the relevant Pre-[REDACTED] Employee Incentive Schemes, and, subject to the decision of the relevant administrator under the relevant Pre-[REDACTED] Employee Incentive Scheme.

Payment of Contribution

Grantees must subscribe for the partnership interests of the Zhuhai Xinrui in cash, and should ensure that their source of funds is genuine and lawful. All contribution payments shall be made fully and timely.

Rights Attached to Awards

The general partner of the Zhuhai Xinrui shall exercise voting rights on behalf of the Eligible Participants in respect of the Shares underlying the awards. The Eligible Participants have the rights to any dividends or distributions from any Shares underlying the award.

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Transfer Restrictions

The partnership interests held by the Eligible Participants in Zhuhai Xinrui are subject to transfer restrictions under the relevant Pre-[REDACTED] Employee Incentive Schemes and the partnership agreement of Zhuhai Xinrui.

Details of Interests in Zhuhai Xinrui

As of the Latest Practicable Date, Dr. Liu Yangyang held approximately 0.48% partnership interests in Zhuhai Xinrui, and the remaining approximately 99.52% partnership interests in Zhuhai Xinrui was held by 24 limited partners, including (i) Mr. Li Ping (our deputy general manager), holding approximately 16.47% partnership interest in Zhuhai Xinrui, (ii) Dr. Wang Ye (our executive Director and general manager), holding approximately 11.41% partnership interest in Zhuhai Xinrui, (iii) Mr. Cao Guangchun (our chief financial officer), holding approximately 11.13% partnership interest in Zhuhai Xinrui, (iv) Ms. Wang Wei (our deputy general manager), holding 9.09% partnership interest in Zhuhai Xinrui, (v) Ms. Zheng Lijun (our supervisor), holding 6.04% partnership interest in Zhuhai Xinrui, and (vi) 19 other employees of our Group, none of whom held more than 10% of the partnership interests therein.

Details of the Awards granted to the Directors, senior management of our Company and other grantees under the Pre-[REDACTED] Employee Incentive Schemes through Zhuhai Xinrui are set out below:

Name	Position(s) in our Company	Approximate partnership interests in Zhuhai Xinrui	Approximate number of Shares corresponding to partnership interests ⁽¹⁾	Approximate shareholding percentage immediately upon the [REDACTED] ⁽²⁾
Dr. Wang Ye	Executive Director and general manager	11.41%	89,709	[REDACTED]%
Dr. Liu Yangyang	Deputy general manager	0.48%	3,810	[REDACTED]%
Mr. Li Ping	Deputy general manager	16.47%	129,515	[REDACTED]%
Mr. Cao Guangchun . .	Chief financial officer	11.13%	87,518	[REDACTED]%
Ms. Wang Wei	Deputy general manager	9.09%	71,424	[REDACTED]%
Ms. Zheng Lijun	Supervisor ⁽³⁾	6.04%	47,520	[REDACTED]%
19 other employees of our Group	–	45.37% in aggregate; each holding less than 10%	356,642	[REDACTED]%

Notes:

- (1) For illustrating the indirect interests of the grantees in the Shares, the number of Shares is presented and calculated by multiplying the relevant grantee’s percentage of partnership interests in Zhuhai Xinrui by the total number of Shares held by Zhuhai Xinrui.
- (2) All the Unlisted Shares held by Zhuhai Xinrui will be converted into H Shares upon completion of the [REDACTED].
- (3) As our Company will not set up the board of supervisors upon the [REDACTED], Ms. Zheng Lijun will cease to be a supervisor but will continue to be our head of NGP upon the [REDACTED].

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

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2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

3. The Joint Sponsors

The Joint Sponsors have made an [REDACTED] on behalf of our Company to the Listing Committee for the [REDACTED] of, and permission to deal in the [REDACTED] pursuant to the [REDACTED]. All necessary arrangements have been made to enable our H Shares to be admitted into [REDACTED].

Apart from SDIC Securities Corporate Finance (Hong Kong) Limited, the other Joint Sponsor has confirmed that they satisfy the independence criteria applicable to a sponsor set out in Rule 3A.07 of the Listing Rules.

The sponsors’ fees payable to the Joint Sponsors in connection with the [REDACTED] by our Company is HK\$6.17 million in total.

4. Compliance Advisor

Our Company has appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of holder 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 transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

7. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualifications
SDIC Securities Corporate Finance (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) as defined under the SFO
China Industrial Securities International Capital Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) as defined under the SFO

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Name	Qualifications
Grandall Law Firm (Guangzhou)	Legal advisor to our Company as to PRC law
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., ...	Industry consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

As of the Latest Practicable Date, save as disclosed in this section, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Promoters

The promoters of our Company are the 28 then Shareholders as of April 24, 2025, immediately before our conversion into a joint stock limited company. Save as disclosed in “History, Development and Corporate Structure,” within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] and the related transactions described in this Document.

9. Bilingual Document

The English language and Chinese language versions of this Document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Binding Effect

This Document shall have the effect, if an application is made in pursuance of this Document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

11. No Material Adverse Change

Our Directors confirm that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in the Accountants’ Report set out in Appendix I, and there is no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

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STATUTORY AND GENERAL INFORMATION

12. Miscellaneous

- (i) Save as disclosed in this Document:
 - (a) no share or loan capital of our Company or any of its subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries;
 - (c) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and
 - (d) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries;
- (ii) We have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iii) There are no arrangements under which future dividends are waived or agreed to be waived;
- (iv) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this Document;
- (vi) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (vii) No part of the equity or debt securities of our Company or any member of our Group, if any, is currently [REDACTED] on or dealt in on any stock exchange or [REDACTED] system, and no such [REDACTED] or permission to [REDACTED] on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (viii) Our Company has no outstanding convertible debt securities or debentures.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in the sub-section headed “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 5. Summary of Material Contracts”; and
- (b) the written consents referred to in the sub-section headed “Appendix IV — Statutory and General Information — D. Other Information — 7. Qualifications and consents of Experts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.zypharm.com.cn up to and including the date which is 14 days from the date of this Document:

- (a) the Articles of Association of the Company;
- (b) the Accountants’ Report in respect of the historical financial information of our Group for the years ended December 31, 2024 and 2025, the text of which is set out in “Appendix I — Accountants’ Report” to this Document;
- (c) the report on the unaudited [REDACTED] financial information of our Group from KPMG, the text of which is set out in “Appendix II — Unaudited [REDACTED] Financial Information” to this Document;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2024 and 2025;
- (e) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview” in this Document;
- (f) the PRC legal opinions issued by Grandall Law Firm (Guangzhou), our PRC Legal Advisor, in respect of certain aspects of our Group;
- (g) the material contracts referred to in “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 5. Summary of Material Contracts”;
- (h) the written consents referred to in the sub-section headed “Appendix IV — Statutory and General Information — D. Other Information — 7. Qualifications and consents of experts”;
- (i) the service contracts and the letters of appointment referred to in the sub-section headed “Appendix IV — Statutory and General Information — B. Further Information about our Directors and Substantial Shareholders — 1. Directors and chief executive — (ii). Particulars of Service Contracts”; and
- (j) a copy of each of the Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines on the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations.