OVERVIEW, STRENGTHS AND STRATEGIES

Overview

Who we are

With origins in Korea, we are a diversified healthcare company with a strong presence in China. Leveraging our nationwide, channel-based distribution network, we primarily engage in the medicine marketing, promotion and sales, as well as the development, manufacturing and distribution of maternity and supplement products. Our mission is to deliver healthcare solutions that enhance health outcomes and improve quality of life worldwide. During the Track Record Period, we primarily engaged in several business lines, namely, the medicine marketing, promotion and sales business, and the development, manufacturing and distribution of maternity and supplement products.

According to Frost & Sullivan, we were ranked among the top 10 companies in China's medicine marketing, promotion and sales market by revenue in 2025, with a market share of approximately 2.0%. In particular, we are recognized as the largest pediatric medicine marketing, promotion and sales service provider in China by Frost & Sullivan, holding a significant market share of approximately 17.0% in China, in terms of revenue in 2025.

Our sales network extends across 31 provinces in Chinese mainland, covering all provincial capitals and prefecture-level cities. As of December 31, 2025, we had a medicine marketing, promotion and sales network of more than 1,600 distributors, through whom we are able to reach approximately 156,000 clinics, 367,000 pharmacies and 1,700 hospitals, including 216, or 12% of Grade 3 A hospitals in China, which are at the highest level of China's three-tier hospital classification system and are typically large institutions with advanced medical capabilities.

At present, our medicine marketing, promotion and sales business line is anchored by two flagship pediatric prescription products that we distribute – Mamiai and Yitanjing. Both Mamiai and Yitanjing are products developed and manufactured by Hanmi Group. We were the sole distributor for Mamiai and Yitanjing in China's out-of-hospital segment during the Track Record Period. Mamiai has been recognized as a China Well-Known Trademark. Mamiai and Yitanjing have both received multiple industry honors, including Gold Award in the Health Industry (International) Ecological Conference – 2024 CPEO, further underscoring these products' brand influence and market recognition. These products have long held prominent positions within China's pediatric pharmaceutical market, earning widespread recognition from medical professionals and healthcare institutions for their demonstrated clinical effectiveness, strong safety record, and trusted therapeutic performance. Building on our deep industry expertise, extensive market experience, and the established brand credibility of the flagship products that we strategically elect to distribute, we continue to reinforce our leadership and expand our influence in the marketing, promotion and sales of this specialized yet rapidly growing field of pediatric medicine.

In addition to our medicine marketing, promotion and sales business, we have developed a highly diversified and differentiated portfolio of innovative products covering the development, production and sale of maternity and supplement products, primarily probiotics and infant milk formula.

Our Growth Opportunities

- *China's medicine marketing, promotion and sales industry:*

According to Frost & Sullivan, medicine marketing, promotion and sales market in China is projected to reach RMB142.1 billion by 2030, representing CAGR of 6.6% from 2025. Specifically, China's pediatric medicine marketing, promotion and sales market is expected to grow to RMB15.0 billion by 2030, representing CAGR of 8.0% from 2025. This reflects strong and sustained demand in this specialized segment.

The implementation of the Two-invoice System and Centralized Procurement policies has restricted hospitals as a traditional medicine sales channel. This regulatory pressure is driving pharmaceutical companies to strategically reallocate resources toward out-of-hospital sales channels to diversify revenue streams. Consequently, these policy shifts are prompting systematic investment in non-hospital market development as pharmaceutical companies and other industry stakeholders adapt to evolving reimbursement frameworks.

Digital transformation will fundamentally reshape the pharmaceutical value chain, compelling stakeholders, including manufacturers, service providers and healthcare institutions – to increasingly adopt advanced technologies (e.g., AI, data analytics). This strategic shift aims to optimize operational efficiency, enhance decision-making, and future-proof operations across the ecosystem.

- *China's probiotics supplement industry:*

In 2025, probiotics supplement market size in China was at RMB26.6 billion. According to Frost & Sullivan, the market is projected to reach RMB42.8 billion by 2030, representing CAGR of 10.0%.

Post-COVID health consciousness has elevated Chinese consumers' understanding of probiotics as vital microbiome modulators, driving supplementation uptake for enhanced nutrient absorption and immune regulation.

According to Frost & Sullivan, at present, China's probiotic supplement market remains fragmented, with significant product homogeneity. Yet, as consumers become more informed and discerning, demand is shifting toward brands that demonstrate scientific validation, clinical efficacy, and manufacturing excellence – driving market consolidation and maturity around credible, evidence-based leaders.

Meanwhile, probiotics are expanding beyond traditional supplement formats into functional foods and beverages, in line with the growing "Food-as-Medicine" trend. Products such as probiotic yogurts, drinks, and breakfast foods offer convenient and enjoyable ways for consumers to incorporate probiotics into daily routines. This evolution reflects the convergence of nutrition, science, and lifestyle – turning everyday consumption into an opportunity for sustained wellness.

We hold the intellectual property rights to the Ofmom (妈咪爱) brand in the food segment. Having achieved significant success under the Mamiai brand in the pharmaceutical sector, we are now well positioned to extend this brand equity into the probiotics supplement industry. In addition to the Ofmom (妈咪爱) brand, we also own several other well-known brands, including Mengguaiguai and Kiddie One in the health food sector. By leveraging Ofmom (妈咪爱)'s strong brand recognition and consumer trust, we expect to drive accelerated growth and establish a competitive advantage in our probiotics supplement business.

- *China's milk formula industry:*

According to Frost & Sullivan, the milk formula industry in China is projected to reach RMB 316.6 billion by 2030, representing CAGR of 1.7% from 2025.

Further, according to Frost & Sullivan, despite the pressures arising from a declining newborn population, the new generation of parents are less price-sensitive and place greater emphasis on product functionality and quality. As maternal and child products are considered essential household expenditures – often prioritized over mortgages, insurance, and investments – this consumer mindset continues to drive demand for precision-formulated, high-value products.

At the same time, while value-focused buyers seek quality at accessible prices, affluent consumers drive premium segment growth via high-priced, brand-differentiated offerings. This duality enables parallel competition for mass-market and luxury maternal-child brands.

Our product portfolio is strategically diversified, encompassing a broad range of offerings that cater to different consumer segment and price points. This includes value-oriented product lines, such as Mengguaiguai, which provide high-quality nutrition at an accessible price, as well as premium and customized product series, such as Zhuoyi, that address the evolving needs of consumers seeking advanced and differentiated nutritional solutions. By maintaining a diversified product mix and continuously innovating in formulation, functionality, and flavor, we are well positioned to meet diverse market demands while reinforcing our competitiveness in China's milk formula product industry.

Our Strengths

We are an integrated medicine marketing, promotion and sales company focusing on pediatric sector in China

According to Frost & Sullivan, we were ranked among the top 10 companies in China's medicine marketing, promotion and sales market by revenue in 2025, with a market share of approximately 2.0%. In particular, we are recognized as the largest pediatric medicine marketing, promotion and sales service provider in China by Frost & Sullivan, holding a significant market share of approximately 17.0% in China, in terms of revenue in 2025. This leading position highlights our strong industry presence, specialized operational capabilities, and extensive sales network in the pediatric healthcare segment.

The flagship pediatric prescription drug products that we distribute, Mamiai and Yitanjing, are widely recognized by pediatricians and medical institutions for their proven efficacy, safety profiles, and clinical reputation. Leveraging years of accumulated market insight and brand trust, we continue to strengthen our competitive edge in this niche but high-growth sector of pediatric medicine supply.

We believe that our comprehensive marketing, promotion, and sales platform provides pharmaceutical companies with an effective gateway to enter and expand within the market in a cost-efficient and time-effective manner. Our integrated sales model also enables us to cross-sell products efficiently across therapeutic categories, thereby enhancing overall sales performance and driving sustainable business growth.

We have an extensive offline medicine marketing, promotion and sales network and rapidly growing online channels

We have established a comprehensive national medicine marketing, promotion and sales network consisting of more than 1,600 distributors, through whom we are able to reach approximately 156,000 clinics, 367,000 pharmacies and 1,700 hospitals, including 216, or 12% of Grade 3 A hospitals in China, which are at the highest level of China's three-tier hospital classification system and are typically large institutions with advanced medical capabilities. Our sales network extends across 31 provinces in Chinese mainland, covering all provincial capitals and prefecture-level cities. This robust distribution infrastructure enables us to deliver products efficiently and support rapid market access for both our self-operated and partnered pharmaceutical brands, ensuring consistent product availability and supply chain reliability.

In addition to engaging customers through distributors, we also maintain direct communication channels with physicians and medical professionals to promote our pharmaceutical products. We typically connect with our end customers through two main channels: (i) we periodically organize forums for physicians, providing a platform for academic exchange and professional development. These events also allow us to educate physicians about pharmaceutical products and present product-related information directly to them; (ii) for other general medical professionals, our sales team conducts direct outreach to promote and communicate the features and benefits of pharmaceutical products. This direct engagement not only enables us to present pharmaceutical products to physicians and medical professionals and enhance their understanding, but also provides us with valuable insights into customer preferences and evolving market needs. By understanding clients' needs more precisely, we are able to optimize our product supply, enhance service responsiveness, and ensure that our offerings remain closely aligned with market trends and clinical needs, thereby strengthening our overall market competitiveness.

As a result, we have built a highly stable, professional, and experienced promotional sales team dedicated to our medicine marketing, promotion and sales business. As of December 31, 2025, the team comprises 623 employees, with an average of approximately 11 years of industry experience, and the majority holding a college degree or above. This seasoned team plays a pivotal role in executing our marketing and sales strategies, effectively communicating product value to healthcare professionals, and driving brand recognition and market share expansion. Their deep understanding of the healthcare ecosystem and strong client relationships across multiple medicine marketing, promotion and sales channels have been instrumental in supporting our sustainable business growth.

Products that we distribute have also achieved leading positions on major online healthcare platforms, reflecting their strong brand reputation and consumer trust;

- JD Health: In 2025, Mamiai achieved the No. 1 position in the pediatric intestinal medication category, while Yitanjing was ranked No. 2 in the pediatric bronchitis medication category.

- Alibaba Health: In 2025, Mamiai was ranked No. 2 in the pediatric gastrointestinal medication category, and Yitanjing achieved the No. 1 position in the pediatric cough medication category.

We are well-equipped to leverage growth opportunities in China's out-of-hospital pediatric drug market, backed by our proven track record and competitive edge

According to Frost & Sullivan, the market size of out-of-hospital pharmaceutical industry, which is our primary areas of focus, is projected to grow at a CAGR of 8.1% from 2025 to 2030, driven by the implementation of China's Two-invoice System and Volume-based Procurement.

We have an excellent reputation, strong expertise, and a proven track record in providing medicine marketing, promotion and sales services for pediatric drugs in China. Our successful history of introducing and selling multiple drug products in the non-hospital market underscores our capabilities. Since year 2007, we have been marketing and distributing Mamiai and Yitanjing and primarily focusing on the out-of-hospital segment, which have achieved CAGR of 20.8% and 35.5%, respectively, in sales revenue through 2025. These achievements highlight the value of our medicine marketing, promotion and sales services, as well as the benefits we deliver to pharmaceutical companies.

As our reputation as an established provider of medicine marketing, promotion and sales services in China continues to grow, we are confident that we will attract both new and existing suppliers to engage us in promoting and distributing their products in China.

We possess well-recognized and widely trusted health food brands

We have established a portfolio of maternity and supplements and probiotic brands that enjoy strong name recognition and wide consumer trust. Our maternal and infant products have achieved prominent visibility on major social media platforms, and notably have attained top rankings on Douyin. For example, our Mengguaiguai infant formula have repeatedly secured the No. 1 position on Douyin's "Top-Rated Infant Formula List", demonstrating the strength of our brand reputation and the high level of consumer satisfaction. Consistent positive feedback from customers not only reinforces our market credibility but also expands our visibility among young families and new parents.

In addition, our health food product lines are continually expanded with new product launches. We regularly introduce new products that respond to emerging consumer trends, regulatory developments, and advances in nutritional science. This commitment to product innovation ensures that our offerings remain competitive, relevant, and aligned with the evolving needs of modern families. Together, our strong brand presence and ongoing innovation capability form a core advantage that supports sustained growth and strengthens our leadership in the maternal-and-infant and probiotic markets.

Our strong R&D capabilities ensure continuous launch of new products

We possess strong R&D capabilities, enabling us to continually develop and launch innovative new products. We have established two R&D centers in China (Beijing), and Europe (Italy), creating an international network for collaborative research. This setup allows us to efficiently integrate world-class scientific resources while tailoring development to regional regulatory requirements, accelerating the process from innovation to commercialization. Specifically:

i. The Beijing R&D Center addresses local market needs by conducting clinical studies and product development aligned with Chinese regulatory standards, leveraging resources from partner hospitals.

ii. The Italian R&D Center utilizes Europe's clinical resources to drive internationally oriented technological and product innovations.

We have established a comprehensive strain library, from which we have developed multiple patented applications. Over more than a decade of dedicated research, we have systematically isolated and screened over 1,000 functional probiotic strains derived from infant gut microbiota, breast milk, and traditional fermented foods, using globally recognized strains as benchmarks. Through rigorous evaluation, we identified 17 strains with strong development potential and built an integrated database encompassing their characteristics, application processes, and corresponding health functions.

This research foundation has led to 25 invention patent applications and eight published scientific papers. Ongoing functional validation has demonstrated the strains' potential in regulating the gut microbiota, enhancing immunity, providing antioxidant benefits, and reducing blood glucose levels, forming a robust basis for future product development. Our proprietary strain collection represents a key strategic asset – one that would be both time-consuming and challenging for new entrants to replicate.

We maintain advanced manufacturing processes and rigorous quality control systems

We operate with advanced production technologies supported by a highly modernized manufacturing infrastructure for our maternity and supplement products. Our manufacturing center is strategically located in a prime dairy region and spans over 80,000 square meters, with three highly automated production workshops. Equipped with state-of-the-art machinery from leading global and domestic manufacturers, the facility delivers an annual production capacity of approximately 8,000 tons. The plant features end-to-end automated systems for formula and probiotic products, ensuring consistent quality, high efficiency, and industry-leading production standards.

We also place the highest priority on manufacturing quality control and management to ensure consistency, safety, and traceability across all production stages. Our suppliers undergo a rigorous selection and evaluation process based on multiple criteria, including service capability, product quality, production reliability, and delivery performance. All shortlisted suppliers are subject to on-site audits, and only those meeting our strict internal benchmarks are included in our approved supplier list.

Our internal quality control standards, including those nutritional composition and safety parameters, are more stringent than national standards, reflecting our commitment to excellence and product safety. All raw and auxiliary materials are tested according to these internal control standards, encompassing a full range of inspections on physicochemical properties, nutritional composition, microbiological safety, and contaminant levels. From raw material procurement to production and final product delivery, we have implemented 195 Standard Operating Procedures (SOP) and 331 checkpoints, ensuring that every product maintains consistent stability, safety, and premium quality.

As of December 31, 2025, our facilities had maintained uninterrupted operations with no major food safety incidents since inception. Moreover, the performance indicators of our products in random inspections conducted by governmental quality supervision departments at various levels have consistently outperformed industry peers, reinforcing the trust and reputation of our brand in the market.

Our quality control department consists of a highly skilled team of 47 professionals as of December 31, 2025, dedicated to ensuring that all products meet or exceed internal and regulatory requirements.

All members of the quality control department possess educational backgrounds in food science, nutrition, chemistry, or related disciplines, and hold the necessary professional certifications for quality management. With an average of 11 years of industry experience, the team combines strong technical expertise with practical insights, forming the backbone of our quality assurance system. Their comprehensive oversight guarantees that every product reaching the market reflects our unwavering commitment to safety, reliability, and superior quality.

We have an experienced and stable management team

Our management team is distinguished by profound industry insights and extensive experience. Through relentless effort and seizing industry opportunities, they have led our Group to achieve continuous milestones, becoming a leader in multiple fields. On average, our management team boasts 15 years of healthcare industry experience, leveraging their deep understanding of the sector to steer the company through strategic upgrade.

Our founder and chairman, Mr. Lim Chongyoon, has over 20 years of professional experience in the healthcare and pharmaceutical industries. Under his leadership, we have evolved from a fast-growing enterprise into an industry leader known for its innovation, operational rigor, and commitment to improving human health. Mr. Lim was the Chairman of the Korea Biotechnology Industry Organization for 4 years. He has also been actively involved in the development of patents and publications, holding a total of 45 patents and patent applications. Mr. Lim's forward-thinking approach has not only shaped our global strategy but also contributed to the broader advancement of the healthcare ecosystem.

Our Chief Executive Officer, Mr. Han Sung Jun, obtained his Ph.D. in Biochemistry and Molecular Biology from Paris VI University, France, in March 2002. He has extensive research experience in the healthcare sectors, along with significant management expertise, including his tenure as the chief executive officer of a listed company in South Korea. This combination of scientific insight and executive leadership provides a strong foundation for the company's future strategic development.

The current members in our founding team have worked together effectively for over 20 years, maintaining a highly stable leadership structure. This stability reflects our strong corporate culture, comprehensive talent development programs, and sustained focus on employee engagement. We prioritize talent cultivation, leadership development, and performance excellence as core components of our human capital strategy.

Our Strategies

Further expand our sales network to deepen market penetration in Chinese Mainland

Medicine marketing, promotion and sales business:

We plan to further expand and strengthen our distribution and sales network by establishing centralized operations in key strategic regions. This will allow us to broaden our direct coverage, enhance logistics efficiency through localized inventory planning, and develop region-specific strategies aligned with local policies. By deepening our penetration into China's major markets, we aim to reinforce our brand presence and introduce a wider range of high-quality products.

Following a strategic assessment that considered the distinct policies, regulatory environments, and consumer characteristics of each region, we identified several provinces with significant regional influence and strong development potential, including Guangdong, Henan, Shandong, Sichuan, and Zhejiang. We are planning to establish facilities in these locations to support our expansion objectives and improve overall operational efficiency.

The expansion of our pharmacy and private medical clinics customer network remains a key component of our offline growth strategy. In addition to leveraging traditional distributor channels, we plan to continue strengthening our direct engagement with physicians and medical professionals to gain a deeper understanding of their needs, enhance customer loyalty, and further increase our market penetration.

According to Frost & Sullivan, the proportion of consumers purchasing pharmaceuticals online has been increasing steadily and is expected to maintain this upward trajectory. The online pharmaceutical market in China is projected to reach RMB295.4 billion by 2030, with a CAGR of 14.1%. To leverage this strong e-commerce momentum, we intend to deepen strategic collaborations with leading digital healthcare platforms, including Meituan and Ping An Good Doctor, with a view to expanding our online presence, enhancing customer accessibility, and capturing a growing share of China's fast-expanding digital pharmaceutical market.

Maternity and supplements business:

Our maternity and supplement products were distributed through 31 distributors in the Chinese Mainland as of December 31, 2025 and we have established a strong online presence on major e-commerce platforms such as Tmall, JD.com, Douyin, and Xiaohongshu. Looking ahead, we plan to adopt an agile, online-driven, omni-channel strategy to stay responsive to market dynamics and drive sustainable growth.

Specifically, we will strengthen our presence on traditional e-commerce platforms by expanding our online sales team and optimizing our official flagship stores on Tmall and JD.com. In parallel, we will actively embrace content-driven platforms such as Douyin, leveraging partnerships with leading parenting KOLs and livestream marketing to accelerate sales growth.

For offline channels, we will shift our strategic focus from broad distribution to deep collaboration with core distributors and major maternal and infant retail chains, offering customized product and service solutions to enhance efficiency and maximize returns per store.

Further expand our product portfolio

We plan to further expand and diversify our product portfolio in the future.

Medicine marketing, promotion and sales business:

We plan to extend our therapeutic focus for medicine marketing, promotion and sales business beyond pediatrics to encompass the broader healthcare needs of adolescents and adults, thereby capturing a wider segment of the population across multiple life stages. Future growth will emphasize the import and commercialization of high-quality international pharmaceutical products, as well as the introduction of innovative therapeutics tailored to address emerging healthcare demands. Given our direct access to end customers and the strong loyalty within our customer base, partnering with us offers international and domestic pharmaceutical companies an efficient pathway to enter the market. At the same time, we will prioritize opportunities in innovator drugs where unmet medical needs and market potential remain substantial, and where profitability is also expected to be higher.

Additionally, leveraging our existing foundation in pediatric and general pharmaceuticals, we intend to further diversify into integrated healthcare solutions that bridge pharmaceuticals with adjacent sectors such as nutritional supplements, functional beauty products, and medical devices. This strategic expansion aims to deliver comprehensive wellness-oriented solutions that address both treatment and prevention, meeting the growing consumer demand for holistic healthcare. By combining our strengths in product development, market insight, and channel distribution, we seek to create synergistic value across multiple health-related categories, reinforcing our position as a leading, innovation-driven healthcare enterprise capable of serving the full spectrum of consumer and patient needs.

Maternity and supplement business:

In response to the market's consumption upgrade trend, we will continue to focus on developing premium and super-premium infant formula products. Leveraging our R&D background, we aim to enhance product differentiation through functional benefits such as strengthening immunity, supporting brain development, and improving gut health. We also plan to launch high-end products, including children's formula containing proprietary probiotic strains.

We also plan to expand our target demographic beyond infants (0–3 years) to include children aged 3–12 and adults, while broadening our probiotic-centered portfolio to encompass emerging nutritional product categories. This strategic initiative will enable us to align with evolving consumer health awareness, offset the impact of declining birth rates in China, and meet the growing demand for scientifically driven, health-focused solutions.

Strengthen brand building to enhance brand influence and recognition

Through strategic brand building, innovative product applications, and strengthening of brand identity, we are committed to enhancing overall brand awareness and influence. To achieve this, we plan to increase investment in marketing initiatives and optimize our marketing network by integrating both online and offline channels.

For online channel, we will adopt a comprehensive marketing strategy that integrates e-commerce promotions, social media engagement, television sponsorships, and cross-industry partnerships to enhance brand visibility. Our initiatives will range from promotional campaigns on major e-commerce platforms such as JD and Tmall to targeted marketing through industry media outlets and vertical B2B platforms. At the same time, we will develop high-quality, value-driven content that embodies our brand's core philosophy, fostering deeper emotional connections with consumers and strengthening overall brand loyalty.

In addition, by implementing a comprehensive KOL/KOC strategy – covering top-tier and mid-tier influencers, key consumers, and authentic user-generated content – we aim to build brand authority, foster trust through real consumer experiences, and create a complete marketing cycle from brand awareness to purchase conversion, maximizing the impact of video and digital content across platforms.

Drive digital transformation to build smart healthcare and enhance efficiency

We plan to further upgrade our digital systems. Our ongoing digital upgrades are designed to enhance connectivity, optimize resource allocation, and promote intelligent decision-making, positioning us at the forefront of an increasingly data-driven and technology-enabled healthcare ecosystem.

We have developed a Smart Clinics Support System, a digital platform that connects clinics with patients to form an integrated healthcare network. Going forward, we will upgrade the system to include more third-party products, which will encourage wider adoption of the system and enable us to earn commission income from these additional channels. We also plan to enhance the platform with advanced data analytics, AI algorithms, and automated workflows to enable intelligent drug recommendations and prescription support, significantly improving physicians' efficiency. This ecosystem is expected to strengthen customer stickiness, increase purchase and repurchase frequency, and support long-term, sustainable growth.

In addition, we will be working on developing next-generation Digital Healthcare Solution Platform that integrates AI and Clinical Decision Support Systems (CDSS) to enable precision healthcare delivery. The platform will offer a comprehensive suite of remote medical services, including teleconsultations, AI-assisted diagnosis, online prescription management, remote monitoring, and personalized patient engagement. By combining advanced digital technologies with clinical expertise, it enhances efficiency and treatment outcomes while strengthening our brand presence and integration within hospital networks and digital healthcare ecosystems.

Further strengthen our production capacity

We plan to enhance our production efficiency to address bottlenecks in our batch-based operations. By prioritizing high-impact unit processes – fermentation, purification, filling, and lyophilization – we are able to achieve meaningful capacity gains without full-scale facility expansion. The modular configuration supports independent unit operation and reduces downtime.

We believe that adopting a modular upgrade approach not only enhances production effectiveness in a cost-efficient manner but also ensures long-term flexibility for continuous optimization. This scalable model allows us to seamlessly integrate technological advancements, expand capacity as needed, and remain highly responsive to changing market demands while maintaining operational excellence and cost discipline.

Strengthen R&D capabilities for innovative products

We will continue to make strategic investments in research and development to drive innovation and strengthen our competitive edge. Our R&D efforts will remain centered on maternal and infant health, with a focus on developing science-based, clinically validated solutions that address evolving health needs across early life stages. Key areas of exploration include weaning nutrition therapy, HMO substitutes, and other evidence-based nutritional interventions aimed at supporting healthy growth and immune development.

Furthermore, by integrating advanced nutritional science, biotechnology, and functional food innovation, we aim to create next-generation products that promote comprehensive and sustainable well-being. Please refer to the paragraph headed "Business – Research and Development" in this document.

OUR PRODUCTS AND SERVICES

We are a diversified healthcare company with a strong presence in China. We focus on pharmaceutical marketing, promotion and sales, while also developing bio-health and multifunctional nutrition products. The products we provide address the evolving needs of individuals across various life stages, with a particular focus on children, infants, mothers and individuals managing chronic or immune-related conditions. During the Track Record Period, most of our revenue was generated from our medicine marketing, promotion and sales business. We also generated our revenue from the development, manufacturing and sales of maternity and supplements products, and others.

The following table sets forth a breakdown of our revenue by business line, each expressed as an absolute amount and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Medicine marketing, promotion and sales	311,661,871	89.0	247,308,767	87.8	281,730,817	92.6
Maternity and supplements	25,244,365	7.2	23,839,153	8.5	15,701,906	5.2
Others[(1)]	13,465,405	3.8	10,544,302	3.7	6,639,304	2.2
Total	350,371,641	100.0	281,692,222	100.0	304,072,027	100.0

Note:

(1) Others primarily consist of (i) postnatal care center services, (ii) advertising services, and (iii) the resale of medical devices.

Medicine Marketing, Promotion and Sales Business

Established in 2009, we started our business as a medicine marketing, promotion and sales services provider complying with Good Supply Practice ("**GSP**") standards, which regulate pharmaceutical distribution activities in China and set out requirements on, among others, the licensing and qualification of distributors, quality management systems, storage and transportation conditions, product traceability and record-keeping, and personnel training and supervision. For details, please see "Regulatory Overview – Regulations on Pharmaceutical Product" and "Regulatory Overview – Regulations on Medical Devices" in this document. Over time, we have evolved into a national medicine marketing, promotion and sales platform, with capabilities across sales and marketing channel management and distribution of daily-use pharmaceutical products across China, with a focus on pediatric medicine.

We provide marketing, promotion and sale services by managing procurement and supply from pharmaceutical companies, overseeing medicine distribution on behalf of pharmaceutical companies, and providing operational and managerial support throughout the distribution process for pharmaceutical companies. In addition, we conduct educational forums and training sessions for healthcare professionals, including physicians and pharmacists, to support clinical best practices. These activities also serve as part of our broader product promotion and market development services, through which we enhance product awareness and facilitate downstream demand generation in compliance with applicable laws and industry standards.

We have a large and broad customer base through our medicine marketing, promotion and sales network in China. As of December 31, 2025, we had a network of more than 1,600 distributors, through whom we are able to reach approximately 156,000 clinics, 367,000 pharmacies and 1,700 hospitals, including 216, or 12% of Grade 3 A hospitals in China, which are at the highest level of China's three-tier hospital classification system and are typically large institutions with advanced medical capabilities. Our sales network extends across 31 provinces in Chinese Mainland, covering all provincial capitals and prefecture-level cities.

We engage distributors primarily for managing downstream sales to pharmacies, clinics and hospitals, as well as for product delivery in compliance with applicable regulations, which require distributors complying with GSP standards to deliver pharmaceutical products to pharmacies, clinics and hospitals. While our distributors enter into distribution or delivery arrangements to facilitate product supply, their role is primarily operational in nature. The formulation of sales strategies, overall market management and channel operations for pharmaceutical products are principally led and managed by us. In addition, we plan and oversee product-related promotion and marketing activities. We differentiate ourselves from our competitors by carrying out our own promotional activities at the pharmacy and market level. While we sell our products to distributors under buy-and-sell arrangements, we generally retain responsibility for demand generation and market development. Since our distributors primarily handle logistics, their economic returns are therefore principally driven by distribution margins and service-related efficiencies, rather than undertaking primary responsibility for sales and marketing activities. We purchase products directly from pharmaceutical companies and therefore have the ability to autonomously manage pricing and cost structures with our distributors.

We focus on offering a comprehensive range of products through our medicine marketing, promotion and sales network for our medicine marketing, promotion and sales business. As of December 31, 2025, we distributed different types of pharmaceutical products with a total of 20 products. The following table sets forth a breakdown of revenue from our medicine marketing, promotion and sales business by major therapeutic types of products sold during the Track Record Period.

	Year ended December 31,					
	2023		**2024**		**2025**	
	USD in thousands	*%*	*USD in thousands*	*%*	*USD in thousands*	*%*
Therapeutic types						
Respiratory system	183,743	59.0	153,471	62.1	150,062	53.3
Digestive system	116,019	37.2	81,236	32.8	117,002	41.5
Others	11,900	3.8	12,601	5.1	14,666	5.2
Total	**311,662**	**100.0**	**247,308**	**100.0**	**281,730**	**100.0**

* *less than 0.1%*

The table below sets forth the key pharmaceutical products we distributed during the Track Record Period:

Product Series	Product Description
Mamiai: Combined Bacillus Subtilis and Enterococcus Faecium Granules with Multivitamines, Live 	Mamiai is a digestive medication available in both prescription and over-the-counter ("**OTC**")[(1)] versions. It is tailored for infants and young children's gut health. Containing live probiotics and multiple vitamins, it (i) addresses infants and young children's key gut health needs by regulating intestinal flora balance, relieving digestive discomforts such as diarrhea, constipation and flatulence; and (ii) supplements deficiencies caused by indigestion or diarrhea. The typical shelf life of Mamiai is 24 months. Mamiai is not developed or manufactured by our Group.

Note:

(1) Under the PRC regulatory framework, OTC medications may be purchased by consumers without a prescription from a qualified medical practitioner and may be sold directly to consumers through pharmacies holding the proper retail pharmaceutical qualifications or legally established medical institutions such as hospitals and clinics. Prescription medications, by contrast, may only be dispensed or administered upon presentation of a valid prescription. Pharmaceutical distributors must sell prescription medications and OTC medications only to licensed retail pharmacies and medical institutions, and shall not sell such medications directly to consumers.

Product Series	Product Description
Yitanjing (易坦靜): Ambroxol Hydrochloride and Clenbuterol Hydrochloride Oral Solution 	Yitanjing is a prescription[(1)] respiratory oral medication designed to relieve respiratory symptoms in both children and adults. It offers core advantages as follows: • Indicated for acute/chronic respiratory conditions with symptoms of cough, excessive phlegm, and difficult expectoration; • Liquid dosage form with good palatability and easy administration, suitable for children (aged 2+) and adults with age-specific dosages; • Scientifically optimized ingredient ratio for synergistic efficacy, complying with strict pharmaceutical standards for safe and reliable use. The typical shelf life of Yitanjing is 24 months. Yitanjing is not developed or manufactured by our Group.
Naerping (納爾平): Compound Paracetamol and Methylephedrine Oral Solution 	Naerping is a prescription[(1)] antipyretic oral compound medication designed for efficient relief of multiple early cold symptoms in both adults and children. It features a synergistic 7-active-ingredient formula and a sweet-tasting yellow clear viscous texture that enhances oral compliance, especially for pediatric patients. Its core functions and advantages are as follows: • Relieves systemic cold symptoms via the antipyretic-analgesic effect of paracetamol; • Alleviates respiratory/nasal symptoms through the combined action of antitussive, antihistamine, and mucolytic ingredients; • Anhydrous caffeine enhances headache relief and improves alertness, while riboflavin sodium phosphate supplements vitamin B_2 to support tissue respiration; • Precise dosage recommendations for diverse age groups (from 3-month-old infants to adults) ensure safe and targeted symptom relief. The typical shelf life of Naerping is 24 months. Naerping is not developed or manufactured by our Group.

Product Series	Product Description
Yianping (易安平): Ambroxol Hydrochloride Solution for Inhalation 	Yianping is a prescription(1) respiratory medication, designed to relieve sticky sputum and expectoration difficulty in patients of all ages. Its core functions and advantages are as follows: • Alleviates symptoms associated with acute/chronic respiratory diseases (e.g., bronchitis, pneumonia); • Promotes respiratory secretion excretion, easing cough and breathing discomfort caused by excessive sticky sputum; • Compatible with β-sympathomimetics and inhaled ipratropium bromide (per mixing instructions) for complex respiratory conditions; • Age-specific dosages (adults, children 2–12 years, infants 6 months-2 years) ensure safety and efficacy across populations. The typical shelf life of Yianping is 24 months. Yianping is not developed or manufactured by our Group.
Lidong (利動): Lactulose Oral Solution 	Lidong is an OTC(1) digestive medication with dual indications for chronic/habitual constipation and hepatic encephalopathy. As an oral osmotic laxative free of irritating artificial additives, it offers high tolerability and core benefits as follows: • Relieves chronic/habitual constipation; • Treats and prevents hepatic coma/pre-coma; • Age-specific dosages (adults, children 1–14 years, infants) with flexible initial/maintenance regimens to match individual responses; • High safety profile: minimal systemic absorption, no dependency with regular use, and suitable for pregnant/lactating women and the elderly at recommended doses. The typical shelf life of Lidong is 24 months. Lidong is not developed or manufactured by our Group.

We generate revenue by purchasing products from pharmaceutical companies who are our suppliers and selling them to our customers across China. Under this business model, the value of the services we provide is reflected in both the purchase price that we negotiate with pharmaceutical companies and the sales price we agree with our customers, rather than through pre-agreed sales commissions or marketing, promotion or service fees.

For our medicine marketing, promotion and sales business, a key strategic supplier is Hanmi Group with whom we have maintained a long-term and stable collaboration since 2007. Our cooperation with Hanmi Group is anchored and maintained through the complementary nature of the companies' businesses from a regulatory and operational perspective: Pursuant to the Drug Administration Law of the PRC and its implementing regulations and Measures for the Supervision and Administration of Drug Quality in Operation and Usage, any entity engaged in drug wholesale and retail activities must obtain a Drug Operation License from the relevant regulatory authorities. The issuance of such license is subject to the applicant meeting prescribed conditions, including having qualified personnel, appropriate facilities and storage conditions, and compliant quality management and traceability systems. A Drug Operation License is generally valid for five years and must be renewed within six months before expiration, subject to continued regulatory compliance. Failure to obtain, renew or maintain such license would prohibit the entity from conducting drug distribution activities and may materially affect its operations. Without Drug Operation License, Hanmi Group is not authorized to distribute pharmaceutical products directly, whereas we hold a Drug Operation License and have built a nationwide sales and distribution network over the years, providing comprehensive coverage of the China market. Our procurement from Beijing Hanmi Pharmaceutical Co., Ltd. ("**Beijing Hanmi**"), a subsidiary of Hanmi Group, represented a notable portion of its pharmaceutical product sales during the Track Record Period. Over the years of cooperation with Hanmi Group, we also developed a good understanding of the products of Hanmi Group and have developed structured marketing strategies and plans for such products. The key pharmaceutical products that we purchased from Hanmi Group during the Track Record Period include Yitanjing, Mamiai, Yianping and Lidong. All the products supplied by Hanmi Group collectively contributed to 94.0%, 93.2% and 94.6% of our total revenue from medicine marketing, promotion and sales business in 2023, 2024 and 2025, respectively. Building on our strong foundation with Hanmi Group, we aim to deepen this strategic partnership by capitalizing on our well established medicine marketing, promotion and sales network and the high switching costs for Hanmi Group that reinforce long-term stability. For details, see "– Raw Materials and Suppliers – Our Suppliers – Key Strategic Supplier: Hanmi Group" in this section. Beyond maintaining this cooperation, we are actively leveraging current market presence to accelerate penetration and drive incremental sales. Concurrently, we are expanding our reach to promote seven pharmaceutical products of other pharmaceutical companies to further diversify our supplier base.

SCSS Platform

We have developed Smart Clinic Support System ("**SCSS**"), an integrated "procurement + services" digital platform designed to address the operational needs of primary healthcare institutions. Unlike single-function service platforms or pure procurement platforms in the market, SCSS offers a full-chain solution covering clinical services, pharmaceutical supply and data analytics. The SCSS platform itself is not expected to generate standalone revenue at this stage, and its primary function is to support and enhance our scalable commercial model by improving user stickiness and strengthening downstream connectivity, facilitating order placement by clinics and improving coordination with our distributor network.

Since the launch of SCSS 1.0 in 2019, the platform has achieved rapid, exponential growth in terms of registered users. Following the introduction of the SCSS supply chain module 2.0 and the rollout of regional exclusive commercial partnerships in 2025, the platform has evolved into an integrated ecosystem that combines clinical management with pharmaceutical distribution. Since its inception, SCSS had expanded from 39 initial registered clinics to approximately 94,000 registered clinics in Chinese Mainland, as of the Latest Practicable Date, forming a "point-line-surface" penetration network and accumulating over 94,800 registered users, including physicians, clinic managers and pharmacy operators. The platform's coverage has extended from individual clinics to chain institutions, pharmacies and health-management terminals, establishing a comprehensive "medical services + pharmaceuticals + data" value chain.

In practice, primary healthcare institutions may place product orders through SCSS and based on such order information, we sell the relevant products to our distributors, who then deliver the products to the primary healthcare institutions. Accordingly, during the Track Record Period, SCSS primarily functioned as an ordering interface and coordination tool, and revenue associated with such orders was recognized based on transactions between us and our distributors rather than through the platform itself. The sales amounts corresponding to orders placed via SCSS accounted for approximately 13.8%, 16.0% and 2.3% of our total revenue attributable to medicine marketing, promotion and sales business in 2023, 2024 and 2025, respectively. The decrease in 2025 was primarily due to the Company's strategic focus on system upgrades and functional expansion during the year, which resulted in a temporary decreased in the orders placed via SCSS.

SCSS offers a full-process digital solution through five core functional modules, including (i) clinical workflow management, (ii) intelligent pharmaceutical inventory and procurement, (iii) operational data analytics, (iv) AI-enabled diagnostic support and (v) online pharmaceutical sourcing supported by local authorized partners. These differentiated capabilities enhance clinic operational efficiency, reduce inventory costs, and strengthen clinical decision-making, creating a highly competitive product offering. These functionalities also enhance our demand visibility and strengthen engagement with downstream healthcare institutions, thereby complementing our medicine marketing, promotion and sales business. Positioned as a "lightweight, cost-efficient and highly adaptable" solution, SCSS is well placed to capture this structural growth through (i) vertical expansion into chronic-disease management and telemedicine, (ii) horizontal integration with medical insurance systems and pharmaceutical supply platforms, and (iii) future international expansion into emerging markets.

To accelerate user acquisition and enhance platform engagement, we have established a systematic marketing and sales model, including (i) "SCSS Navigator" regional promotion events to identify high-potential users, (ii) user referral programs leveraging existing core users to drive viral growth, (iii) time-limited online campaigns to cultivate usage habits, (iv) academic roadshows at medical schools to strengthen user loyalty among high-value practitioners, and (v) cooperation with the China Academy of Information and Communications Technology to participate in national HIS standard-setting initiatives, thereby enhancing government endorsement and brand credibility.

Leveraging our comprehensive product capabilities, nationwide clinic coverage and multi-layered sales strategy, we have established SCSS as a leading platform in the digitalization of primary healthcare services in China, and as an important infrastructure supporting our long-term distribution ecosystem.

Maternity and Supplements Business

We develop and offer a diverse range of maternity and supplements products, including (i) bio-health functional supplements, (ii) formula milk, and (iii) infant and maternal personal care products. The following table sets forth a breakdown of revenue from our maternity and supplements business by major product types during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	USD in thousands	*%*	*USD in thousands*	*%*	*USD in thousands*	*%*
Product types						
Bio-health functional supplements	16,243,838	64.3	10,777,109	45.2	4,569,243	29.1
Formula milk	5,247,419	20.8	11,019,323	46.2	9,887,609	63.0
Infant and maternal personal care products	3,753,108	14.9	2,042,721	8.6	1,245,054	7.9
Total	25,244,365	100.0	23,839,153	100.0	15,701,906	100.0

Bio-health Functional Supplements

We develop and offer a comprehensive portfolio of probiotic supplements designed to support a diverse range of formulation needs across different age groups. Our products are marketed under several brands, including Ofmom (妈咪爱), a leading name in China's infant probiotics market. It has achieved widespread brand recognition and high penetration among infants from birth to three years old throughout China.

We also provide a wide range of functional nutrition supplements to broaden the selection of health solutions beyond infant products. These products are designed to support immunity, digestion, brain development and overall well-being for both children and adults.

The table below sets forth the key probiotic supplements during the Track Record Period:

Product Series	Product Description
Ofmom Active Probiotics Solid Beverage Plus (媽咪愛活性益生菌固體飲料(活菌型)樂升級) 	Ofmom Active Probiotics Solid Beverage Plus was launched in 2024 as a basic (10 billion active probiotics per stick) probiotic supplement. It is formulated with three clinically validated probiotic strains (HN001, HN019, and GG), which were approved by the National Health Commission for use in infant and toddler food, making it a reliable choice for daily gut health. The typical shelf life of Ofmom Active Probiotics Solid Beverage Plus is 24 months. The product is developed by our Group and manufactured by third parties.

Product Series	Product Description
Ofmom Active Probiotics Solid Beverage (媽咪愛活菌型益生菌固體飲料) 	Ofmom Active Probiotics Solid Beverage was launched in 2023 as a premium (13 billion active probiotics per stick) probiotic supplement. It is formulated with four clinically validated probiotic strains (M-16V, HN001, HN019, and GG), which were approved by the National Health Commission for use in infant and toddler food, making it a trusted choice for daily gut health and nutritional support. The typical shelf life of Ofmom Active Probiotics Solid Beverage is 24 months. The product is developed by our Group and manufactured by third parties.
Ofmom Ready-To-Eat Probiotic Powder (媽咪愛即食型益生菌粉) 	Ofmom Ready-To-Eat Probiotic Powder was launched in 2024 as a premium (18 billion active probiotics per stick) probiotic supplement. It is formulated with a blend of clinically validated probiotic strains including GG, BB-12, M-16V, and M-63, which were approved by the National Health Commission for use in infant and toddler food. Free from allergens such as milk powder, it is friendly to sensitive babies. The typical shelf life of Ofmom Ready-To-Eat Probiotic Powder is 24 months. The product is developed by our Group and manufactured by third parties.
Ofmom Active Probiotics Solid Beverage Light Life (媽咪愛活菌型益生菌固體飲料輕享生活版) 	Ofmom Active Probiotics Solid Beverage Light Life was launched in 2025, specially formulated for adult women seeking weight management support. It contains a synergistic blend of probiotic strains, including B420, making it a trusted choice for women on their weight management journey. The typical shelf life of Ofmom Active Probiotics Solid Beverage Light Life is 24 months. The product is developed by our Group and manufactured by third parties.
Ofmom Active Probiotics Solid Beverage (媽咪愛一家益活菌型益生菌固體飲料PRO知) 	Ofmom Active Probiotics Solid Beverage, launched in 2022, is a specialized supplement tailored for children and teenagers. It features a robust formulation with six probiotic strains, two types of prebiotics, and special additions like yeast beta-glucan and concentrated whey protein powder. This comprehensive blendworks synergistically to provide ideal choice for the developmental needs of young individuals' daily nutritional and health support. The typical shelf life of Ofmom Active Probiotics Solid Beverage is 24 months. The product is developed and manufactured by our Group.

Formula Milk

We develop formula milk products primarily for the routine feeding of infants and toddlers to satisfy their nutritional needs. Our formula milk products are formulated based on the specific nutritional needs of infants at different developmental stages.

We offer five major formula milk product series, ranging from basic options to premium products, each with distinct specifications and characteristics to meet diverse consumer needs. In particular, all of our three infant formula milk powder have obtained product formula of infant formula milk powder approved by China Food and Drug Administration ("**CFDA**").

The table below sets forth our key formula products:

Product Series	**Product Description**
Mengguaiguai (萌乖乖) Infant Formula Milk Powder 	Mengguaiguai Infant Formula Milk Powder was launched in 2023 and has the following specifications: • basic formulation to meet infant's daily nutritional needs • contains DHA, taurine, choline, GOS, FOS, Lactulose and lutein The typical shelf life of Mengguaiguai Infant Formula Milk Powder is 24 months. The product is developed and manufactured by our Group.
Mengguaiguai (萌乖乖) Children's Growth Formula Milk Powder 	Mengguaiguai Children's Growth Formula Milk Powder was launched in 2025 and is suitable for children and teenagers, with the following specifications: • contains colostrum basic protein, milk mineral salt, and calcium carbonate • enriched with various vitamins and minerals The typical shelf life of Mengguaiguai Children's Growth Formula Milk Powder is 24 months. The product is developed and manufactured by our Group.

Product Series	Product Description
Runermei (潤爾美) Infant Formula Milk Powder 	Runermei Infant Formula Milk Powder was launched in 2024 and has the following specifications: • premium formulation to meet infant's daily nutritional needs • contains patented OPO and alpha-lactalbumin, GOS, LcFOS and LOS The typical shelf life of Runermei Infant Formula Milk Powder is 24 months. The product is developed and manufactured by our Group.
Zhuoyi (茁依) Infant Formula Milk Powder 	Zhuoyi Infant Formula Milk Powder was launched in 2024 and has the following specifications: • premium formulation to meet infant's daily nutritional needs • contains MFGM Protein, DHA and ARA GOS, FOS and patented OPO The typical shelf life of Zhuoyi Infant Formula Milk Powder is 24 months. The product is developed and manufactured by our Group.
Ofmom Bolognese High-end Baby & Toddler Milk 	Ofmom Bolognese High-end Baby & Toddler Milk was launched in 2017 and has the following specifications: • contains DHA, ARA, taurine and choline • liquid infant formula requires no preparation and is convenient to consume The typical shelf life of Ofmom Bolognese High-end Baby & Toddler Milk is 12 months. The product is developed by our Group and manufactured by third parties.

Infant and Maternal Personal Care Products

In 2010, we started marketing personal care products for infants, children and nursing mothers. Our new product category includes hygiene and skincare products and oral care solutions. These personal care products are marketed under the brand name "Sanita". Our three product series, namely, (i) Sanita U-ZA Baby Toiletries Series, (ii) Sanita U-ZA Baby Skin Care Series and (iii) Sanita-Denti Baby Oral Care Series are formulated to meet the sensitive needs of infants and nursing mothers. Leveraging dermatologically tested and global formulation standards, our personal care products are developed to support hygiene and overall well-being of infants and mothers.

Furthermore, based on our pharmaceutical-grade expertise, including microecological formulation technology and strict operational management, we maintain internal end-to-end R&D capabilities for nutrition and health products that meet the highest safety and efficacy standards. As of the Latest Practicable Date, we maintained a development pipeline of 26 product candidates across the following categories: (i) 14 probiotic solid beverages, (ii) six modified milk powder products, (iii) four probiotic health food products, (iv) one registered protein powder health food product, and (v) one probiotic fermented oat powder product.

Other Businesses

In addition to our core business lines, we offered a range of ancillary services and products during the Track Record Period, including postnatal care center services, advertising services, and the resale of medical devices. Our postnatal care center services primarily focus on providing professional care, nutritious meals and mental health counseling to support the recovery and wellness of new mothers and infants. Our advertising services comprised the provision of online and offline brand promotion and marketing solutions for corporate clients, including digital advertising placement and offline promotional events. Our resale of medical devices consisted of sourcing medical equipment from third-party suppliers and distributing such products to healthcare institutions and other customers.

Furthermore, certain subsidiaries within our Group have been engaged with ancillary and complementary businesses supporting our broader healthcare and wellness ecosystem. For example, Beijing Chef Ofmom Co., Ltd. has been engaged in catering operations ancillary to our postnatal care center operations to provide nutritionally tailored meal solutions to support maternal and infant health. Machang Music & Pictures Co., Ltd. had been engaged in production of music and wellness-related content, which was complementary to our broader healthcare and wellness positioning, particularly in areas such as emotional well-being, stress relief and sleep improvement. Over the years, although these ancillary operations have complemented our business offering, we have maintained a clear strategic our focus on our core business lines and intend to continue focusing on our principal healthcare-related business going forward. We do not expect such ancillary or non-core activities to materially affect our business strategy or financial performance.

SALES AND DISTRIBUTION CHANNELS

We implement distinct sales and distribution strategies across our different business lines as described below:

Medicine Marketing, Promotion and Sales Business Line. Under this business line, we are engaged by pharmaceutical companies to provide comprehensive sales, marketing and operational support for their products – primarily prescription drugs, over-the-counter medicines and specialty therapeutics. As of December 31, 2025, we had a medicine marketing, promotion and sales network of more than 1,600 distributors, through whom we are able to reach approximately 156,000 clinics, 367,000 pharmacies and 1,700 hospitals, including 216, or 12% of Grade 3 A hospitals in China, which are at the highest level of China's three-tier hospital classification system and are typically large institutions with advanced medical capabilities.

Maternity and Supplements Business Line. We use a hybrid distribution model combining offline and online channels. For Chinese Mainland, offline sales are handled entirely through authorized distributors, who supply retail outlets such as specialty maternal and infant stores, supermarkets and baby care chains. Historically, we sold directly to certain large retailers, but this direct-to-retailer model was discontinued in 2024 with a view to enhancing our long-term profitability and operational efficiency by leveraging our distribution strategy. Online sales are made through self-operated flagship stores on major platforms like Douyin and Pinduoduo, as well as approved third-party distributors on major e-commerce platforms. This approach improves efficiency, expands market reach, and minimizes channel conflict. In addition to Chinese Mainland, we also sold a small amount of our maternity and supplements as well as other products mainly through distributors in Hong Kong and other overseas markets mainly including Korea, Italy and Vietnam during the Track Record Period.

Our Distributors

Our distributors primarily consist of local entities with expertise spanning across our two core business lines – medicine marketing, promotion and sales business line and maternity and supplements business line. We do not require our distributors to exclusively distribute the products we provide, and many of them also engage in the distribution of other food products, retail goods, or non-competing pharmaceutical items, aligning with their existing local operational scope.

We generally maintain a buyer-seller relationship with our distributors and enter into standard distribution agreements to formalize the terms of engagement. Revenue is recognized when the distributor takes delivery of the products and signs for them, at which point control is transferred to the distributor.

We permit our distributors to engage sub-distributors which are primarily local entities that focus on reaching end markets. We enter into tripartite distribution agreements with most of our sub-distributors and the relevant distributors in our medicine marketing, promotion and sales business line to enhance management and efficiency. Such arrangements are generally adopted where the relevant sub-distributors undertake important regional distribution functions, taking into account factors such as distribution scale, delivery capability, terminal coverage and operational stability. These sub-distributers are nevertheless recorded in our system and remain subject to our distributor management procedures. As of December 31, 2025, we managed a total of 1,221 sub-distributors, of which 1,001 had entered into tripartite distribution agreements. Accordingly, sub-distributors without tripartite agreements represented approximately 18.0% of the total number of sub-distributors. As of the Latest Practicable Date, we had not experienced any significant disputes under our distribution agreements or tripartite distribution agreements.

During the Track Record Period, all of our revenue from medicine marketing, promotion and sales business line was generated through sales to our distributors. Meanwhile, 64.6%, 75.5% and 78.6% of our total revenue from maternity and supplements business line was generated through sales to our distributors in 2023, 2024 and 2025, respectively.

Selection and Management of Distributors

Our distributors are selected based on factors including operational scale, industry experience, and competitive market positions in their respective regional markets. For our medicine marketing, promotion and sales business, distributors are required to hold the necessary regulatory licenses or certifications such as Drug Operation License and maintain established networks covering pharmacies, clinics and hospitals, enabling compliant and efficient delivery of pharmaceutical products. We verify the possession and validity of the regulatory licenses of our distributors prior to commencing cooperation and require updated licensing documentation when a license is approaching expiry. In addition, entities in the PRC engaged in pharmaceutical distribution at different stages are generally required to obtain regulatory licenses commensurate with their business activities pursuant to applicable laws and regulations, including the Drug Administration Law of the PRC. Accordingly, the sub-distributors that engage in the purchase and resale of the pharmaceutical products are also expected to hold the relevant pharmaceutical operation licenses for their scope of business. Our distributors may sell directly to pharmacies and clinics or engage with sub-distributors based on local market conditions. Distributors are responsible for verifying and managing the qualifications of their downstream sub-distributors. As an additional internal control measure, we conduct supplementary checks on the licensing and compliance status of sub-distributors through public databases and other available channels.

For our maternity and supplements business, distributors have proven track records in servicing maternal and infant specialty channels, including specialty stores, supermarkets and maternity care outlets. For our distributors and sub-distributors engaging in maternity and nutritional supplements business in the PRC, the applicable licensing requirements vary by product category. Specifically, distributors and sub-distributors selling infant formula milk powder, foods for special medical purposes ("**FSMP**") or health foods are required to hold a Food Business License covering the corresponding product category, while functional nutritional supplements categorized as general pre-packaged foods only require completion of pre-packaged food filing. By leveraging local insights and operational capabilities, we support our diverse product portfolio while maintaining consistent retail presence and driving market penetration.

Distributors are responsible for managing downstream sales and product delivery to pharmacies, clinics and hospitals, either directly or through sub-distributors. Our distributors manage invoicing and payment collection from the sub-distributors. We typically enter into one-year distribution agreements with distributors, which are reviewed annually. Contract renewals and adjustments depend on distributor performance, sales coverage and compliance with anti-bribery laws and marketing guidelines. Distributors must also ensure their sub-distributors comply with applicable standards. As advised by our PRC Legal Advisor, applicable PRC pharmaceutical regulations including the Drug Aministration Law, primary legal liability for any breach occurring in the distribution process generally rests with the distributor or sub-distributor that directly commits such breach. However, we may be subject to administrative or other legal liability if we directly participate in, instruct or condone a breach, or fail to perform required management or supervisory duties in a material manner. During the Track Record Period, to the best of our knowledge, there were no material non-compliance incidents involving our distributors or sub-distributors.

We require our distributors and/or sub-distributors to provide us with timely and accurate data regarding purchase, sales and inventory. We also conduct site visits and monitor inventory levels monthly and track product movement to avoid overstocking. Furthermore, for our medicine marketing, promotion and sales business line, we have entered into agreements with external professional service providers to engage them in the collection of sales data. Under the relevant agreements we enter into with our distributors, product returns are generally not accepted, except for exceptional cases such as product quality issues. Therefore, the inventory risk generally lies with the distributors.

Key Contractual Terms with Distributors

As mentioned above, we typically enter into one-year distribution agreements with distributors. Under our standard distribution agreements, we have the discretion to set supply prices and may adjust them as needed. Distributors are required to make payments primarily via bank transfer; however, in certain circumstances, promissory notes may be accepted. In 2023, 2024 and 2025, payments through promissory notes by distributors amounted to nil, 13.4% and 36.6%, respectively, of the total payments from distributors. We do not grant exclusive territorial rights to any distributor. Instead, we appoint multiple distributors within the same region to enhance market coverage and preserve pricing discipline. To minimize potential cannibalization among distributors operating in overlapping regions, we adopt a structured approach to territory management and pricing, which includes assigning indicative coverage scopes based on customer type, geographic reach and channel focus, and providing nationally unified pricing ranges and commercial policies to guide distributors' sales activities. We provide clear guidelines on end points segmentation and sales allocation to reduce internal competition, including restricting distributors to their designated geographic regions, jointly monitoring product distribution flows, and prohibiting unauthorized cross-regional sales or unapproved online sales or other irregular distribution activities. Our distribution agreements include provisions for performance monitoring and periodic reviews to ensure alignment with market coverage objectives. Additionally, we implement incentive programs that reward incremental growth rather than market share shifts, and we maintain transparent communication channels with distributors to coordinate marketing efforts and avoid duplication. We also provide clear pricing guidance to distributors to discourage price-cutting competition and to maintain overall market stability. This approach helps protect margins, sustain healthy market dynamics, and ensure consistent value perception across channels.

Under our standard distribution agreements, any unauthorized sales by our distributor would be grounds for terminating the distribution agreement we have with such distributor. To ensure brand consistency and compliance, distributors may not use our trademarks or marketing materials without our prior written consent. There are no minimum purchase requirements under our standard distribution agreement. Each distributor is assigned an annual purchase target, which is non-binding but used as a performance benchmark. Distributors exceeding prior-year volumes may qualify for incentive programs, with rewards based on predefined thresholds. In rare cases where payment defaults arise, such as due to insolvency, we pursue recovery through legal action. As of the Latest Practicable Date, we had not encountered any material payment default by our distributors.

For our medicine marketing, promotion and sales business line, upon termination of the distribution agreement, the distributor shall handle its inventory on its own, and generally returns will not be accepted pursuant to the relevant distribution agreement. For our maternity and supplements business line, upon termination of the distribution agreement, if the distributor has existing inventory, we may grant such distributor a period of three months to sell such inventory after both parties have confirmed the inventory value. During the sales process, such distributor must comply with restrictions we may set. After the three-month period, distributors are not allowed to sell the contracted products. Distributors will be required to pay liquidated damages equal to three times of the confirmed inventory value for any violation. Through this structured yet flexible distribution framework, we are able to maintain strong relationships with our distributors while safeguarding operational integrity and market order.

Tripartite distribution agreements under medicine marketing, promotion and sales business line

As of the Latest Practicable Date, we had entered into tripartite distribution agreements with the majority of our sub-distributors and the relevant distributors in our medicine marketing, promotion and sales business line. The tripartite distribution agreement serves as a supplemental agreement to our distribution agreements with such distributors. We believe such tripartite distribution agreements enhance management efficiency and clarify responsibilities, which are mutually beneficial to each of the distributors, the sub-distributors and us. In particular, the tripartite distribution agreements with sub-distributors allow us to provide incentive to the sub-distributors. Through such arrangements, we are able to distribute the products in territories where our distributors have limited coverage, as well as within the existing customer base served by the sub-distributors, thereby supporting the development of a more effective sales network.

The tripartite distribution agreement typically has a term of one year. Under the tripartite distribution agreement, the sub-distributors procure the products from our distributors, rather than us, based on their separate arrangements. Since the sub-distributors procure the products from our distributors, payments of product prices are made by the sub-distributors to our distributors.

There are no minimum purchase requirements under the tripartite distribution agreements. We incentivize the sub-distributors by offering them rewards if they achieve the predefined sales targets in the tripartite distribution agreements without violating any contract terms. We provide such rewards to the relevant distributors, who in turn pass them on to the sub-distributors. The specific amount of the rewards we offer to the sub-distributors may vary depending on multiple factors. During the Track Record Period, the aggregate rewards provided to our distributors in connection with the standard distribution agreement as mentioned above and to our sub-distributors in connection with our tripartite distribution agreements amounted to approximately USD6.1 million, USD3.9 million and USD10.1 million for the years ended December 31, 2023, 2024 and 2025, respectively. Such rewards are consistently accounted for as a deduction from revenue in accordance with the applicable accounting standards, and the same accounting treatment had been applied throughout the Track Record Period.

Despite our contractual relationships with our sub-distributors in the medicine marketing, promotion and sales business line, our distributors are generally responsible for making sure their respective sub-distributors comply with our sales policies, including designated sales territories. See "Risk Factors – Risks Relating to Our Business – We have limited control over our distributors and sub-distributors, and any non-compliance, adverse publicity or disorderly competition arising therefrom, as well as any instability in such arrangements, may adversely affect our reputation, sales, business prospects and profitability" in this document.

Our Relationship with Distributors

Medicine Marketing, Promotion and Sales

As of December 31, 2025, we had over 190 distributors whom we have worked with for over five years. As mentioned above, we typically enter into one-year distribution agreements with distributors, and we review their performance to assess whether to continue our agreements with them annually. The following table sets out the number of distributors we entered into distribution agreements during each year and the number of distributors terminated during each year of the Track Record Period.

	For the years ended December 31,		
	2023	**2024**	**2025**
Number of distributors we entered into distribution agreements during the period[(1)]	310	391	406
Number of distributors terminated	11	5	7

Note:

(1) Among all the distributors with which we entered into distribution agreements, 31, 41 and 81 were newly engaged distributors during the respective period.

During the Track Record Period, we significantly expanded our distribution network by selectively partnering with distributors in each region. We partnered with 299, 386 and 399 distributors as of December 31, 2023, 2024 and 2025, respectively. Furthermore, according to Frost & Sullivan, the pharmaceutical distribution market in China is concentrated among the top ten distributors, who collectively account for a substantial share of the market, and we have established cooperation with a majority of these top distributors, leveraging their extensive sales networks to broaden our market penetration and strengthen our reach nationwide.

As a result of these efforts, our sub-distributor base grew from 1,096 as of December 31, 2023 to 1,221 as of December 31, 2025, reflecting a robust expansion trajectory. Similarly, our points of sale surged from 407,000 as of December 31, 2023 to 530,000 as of December 31, 2025, underscoring the effectiveness of our strategy to deepen market coverage and accessibility.

Maternity and Supplements

As mentioned above, we typically enter into one-year distribution agreements with distributors, and we review their performance to assess whether to continue our agreements with them annually. The following table sets out the number of distributors we entered into distribution agreements during each year and the number of distributors terminated during each year of the Track Record Period.

	For the years ended December 31,		
	2023	**2024**	**2025**
Number of distributors we entered into distribution agreements during the period[(1)]	279	126	31
Number of distributors terminated	0	3	0

Note:

(1) Among all the distributors with which we entered into distribution agreements, 143, 32 and five were newly engaged distributors during the respective period.

The number of our distributors in the maternity and supplements business line generally decreased during the Track Record Period as we strategically focused on the collaborations with the major distributors. As a result, our top five distributors in the maternity and supplements business line contributed 20.2%, 54.1% and 68.5% of our revenue from the maternity and supplements business line in 2023, 2024 and 2025, respectively.

All distributors operate independently and are unaffiliated third parties, and we rigorously screen them based on network coverage, experience, financial strength and performance history. None of our Company, subsidiaries, major Shareholders, Directors or senior management have any past or present relationships with our distributors.

Product Returns

In 2025, we recorded certain product returns arising from two separate business arrangements, neither of which was related to product quality, safety or regulatory compliance.

(a) In April 2025, we entered into a strategic cooperation agreement with Customer A, pursuant to which Customer A was granted exclusive distribution rights for Yitanjing 60ml products. As part of the restructuring of our distribution channels, inventories previously held by certain first-tier distributors were collected in bulk and transferred for resale to Customer A's headquarters. These movements were recorded as product returns in our accounting records and reflected the adjustment of distribution channels rather than any issue relating to the underlying products.

(b) During the first half of 2025, price fluctuations for pharmaceutical products occurred in certain regions in the PRC. In response, we worked with Customer A to implement coordinated sales and promotional arrangements for Yitanjing 60ml and 120ml products. In preparation for the peak sales season, inventories previously held by multiple distributors were consolidated and reallocated through Customer A's subsidiary distribution network. These movements were similarly recorded as returns for accounting purposes and reflected inventory reallocation rather than product quality concerns.

All product returns recorded in 2025 arose from distribution restructuring and planned inventory reallocation. None of these returns was attributable to product quality, safety or regulatory non-compliance. All affected products were subsequently resold through alternative channels, and we did not incur any material revenue loss or adverse financial impact as a result. In general, product returns are not permitted under our ordinary course of sales, and any return request is considered only on a case-by-case basis under limited and specific circumstances. In addition, we have adopted enhanced internal controls over product quality and returns management by implementing comprehensive policies covering nonconforming product control, customer complaint handling and after-sales processes. We conduct inspection, review and approval procedures for returned products and maintain a closed-loop management system for complaint registration, investigation and resolution. Furthermore, we enforce standardized controls over production processes and quality monitoring to ensure that nonconforming products are not released and to mitigate potential impacts on product quality and delivery.

Our In-house Sales Force

We centralize our sales and marketing operations and execute coordinated national campaigns and region-specific initiatives. As of December 31, 2025, our in-house sales force for medicine marketing, promotion and sales business line and maternity and supplements business line consisted of 635 professionals.

Our in-house sales force engages distributors, retail pharmacies, private clinics, public hospitals and maternal and infant stores to strengthen market penetration and brand visibility. Our key activities include regular on-the-ground and online promotional efforts, gathering market intelligence, implementing targeted programs with local partners, securing product registrations within hospital procurement systems, and supporting prescription-based sales. This integrated approach ensures broad market coverage, sustained access across healthcare networks, and responsive adaptation to regional market dynamics.

Our Customers

Our customers mainly include leading enterprises engaged in pharmaceutical wholesale business. Revenue from our five largest customers in each year of the Track Record Period amounted to USD173.4 million, USD156.9 million and USD184.6 million, representing 49.6%, 55.8% and 60.7% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Revenue from our largest customer during the Track Record Period amounted to USD81.2 million, USD89.4 million and USD107.6 million, representing 23.2%, 31.7% and 35.4% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. During the Track Record Period, the credit terms that we grant to our five largest customers in each year are typically around 60 days. During the Track Record Period, all of our five largest customers in each year of the Track Record Period were our distributors, and the major types of products sold to our five largest customers are respiratory and digestive pharmaceutical products. The increase in the revenue contribution from our largest customer during the Track Record Period was primarily attributable to our sustained sales and marketing efforts and strategic focus on our major customers. Such high revenue concentration from our major customers is not uncommon in the industry, as confirmed by Frost & Sullivan.

The following tables set forth certain information of our five largest customers for each year during the Track Record Period.

		For the year ended December 31, 2023				
Customer	**Major products/ services provided**	**Revenue** *(USD in thousands)*	**% of our total revenue**	**Credit period**	**Commencement of relationship**	**Background**
Customer A	Pharmaceutical products	81,223	23.2	60 days	2008	A public company founded in Hubei in 1999 that primarily engages in medical distribution.
Customer C	Pharmaceutical products	35,613	10.2	60 days	2011	A private company founded in Hong Kong in 1983 that engages in pharmaceutical wholesale business.
Customer B	Pharmaceutical products	28,923	8.3	60 days	2009	A public company founded in Beijing Municipality in 1999 that engages in pharmaceutical wholesale business.
Customer D	Pharmaceutical products	18,046	5.2	60 days	2009	A public company founded in Fujian in 1984 that engages in pharmaceutical wholesale business.
Customer E	Pharmaceutical products	9,599	2.7	60 days	2008	A public company founded in Shanghai in 1994 that engages in pharmaceutical wholesale business.
Total		**173,404**	**49.6**			

		For the year ended December 31, 2024				
Customer	**Major products/ services provided**	**Revenue** *(USD in thousands)*	**% of our total revenue**	**Credit period**	**Commencement of relationship**	**Background**
Customer A	Pharmaceutical products	89,376	31.7	60 days	2008	A public company founded in Hubei in 1999 that primarily engages in medical distribution.
Customer C	Pharmaceutical products	31,990	11.4	60 days	2011	A private company founded in Hong Kong in 1983 that engages in pharmaceutical wholesale business.
Customer B	Pharmaceutical products	15,078	5.4	60 days	2009	A public company founded in Beijing in 1999 that engages in pharmaceutical wholesale business.
Customer D	Pharmaceutical products	13,180	4.7	60 days	2009	A public company founded in Fujian in 1984 that engages in pharmaceutical wholesale business.
Customer E	Pharmaceutical products	7,279	2.6	60 days	2008	A public company founded in Shanghai in 1994 that engages in pharmaceutical wholesale business.
Total		**156,903**	**55.8**			

		For the year ended December 31, 2025				
Customer	**Major products/ services provided**	**Revenue** *(USD in thousands)*	**% of our total revenue**	**Credit period**	**Commencement of relationship**	**Background**
Customer A	Pharmaceutical products	107,567	35.4	60 days	2008	A public company founded in Hubei in 1999 that primarily engages in medical distribution.
Customer C	Pharmaceutical products	30,538	10.0	60 days	2011	A private company founded in Hong Kong in 1983 that engages in pharmaceutical wholesale business.
Customer B	Pharmaceutical products	21,382	7.0	60 days	2009	A public company founded in Beijing in 1999 that engages in pharmaceutical wholesale business.
Customer H	Pharmaceutical products	14,010	4.6	60 days	2025	A private company founded in Guangdong in 2006 that engages in pharmaceutical wholesale and retail business.
Customer E	Pharmaceutical products	11,059	3.7	60 days	2008	A public company founded in Shanghai in 1994 that engages in pharmaceutical wholesale business.
Total		**184,556**	**60.7**			

None of our Directors, senior management, their respective close associates, or any Shareholders holding more than 5% of the issued share capital of our Company held any interest in any of our five largest customers in each year of the Track Record Period.

MARKETING

Marketing Strategies

We have adopted an integrated marketing support strategy to drive product sales and market expansion across consumer-facing channels, such as e-commerce platforms and retail pharmacies, as well as medical channels, including hospitals and primary healthcare institutions. Our initiatives primarily include digital marketing through livestream promotions and targeted advertising on major online platforms to expand consumer reach and facilitate product purchases. We also participate in industry forums and conferences, and provide training and support to healthcare professionals in collaboration with recognized healthcare organizations, with a view to strengthening professional recognition and supporting clinical application. In addition, we carry out retail channel development initiatives, including staff training and product display and promotion at retail stores, to support sales at the point of sale and improve consumer understanding of our offerings. We organize product launch events and related activities to introduce new products and support market access. Furthermore, we leverage new media platforms and online-to-offline channels to expand distribution coverage and improve product accessibility.

Pricing

We price the products we provide based on various factors including premium ingredients, market position and competing brands. We conduct thorough market research on a regular basis in order to compete more effectively with our competitors. We price the products we provide similarly throughout all sales channels and we provide all of our sales channels with similar suggested prices to facilitate the standardization and stability of our distribution system. Our sales staff regularly monitors our product prices sold at the retail points of sale to review and evaluate our suggested prices and update our pricing and sales policies as necessary.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, our largest customer, Customer A, was also our supplier. Customer A primarily engages in medical distribution and purchased pharmaceutical products from us, while we mainly procured transportation and warehousing services from it during the Track Record Period. Revenue generated from Customer A during the Track Record Period amounted to USD81.2 million, USD89.4 million and USD107.6 million, representing 23.2%, 31.7% and 35.4% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Purchases from Customer A during the Track Record Period were USD0.3 million, USD0.9 million and USD1.1 million, accounting for 0.1%, 0.4% and 0.6% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively.

Customer B, being one of our five largest customers in 2023 and 2024, also served as our supplier in 2023. Customer B mainly purchased pharmaceutical products from us, and we sourced goods from Customer B. Revenues generated from Customer B were USD28.9 million and USD15.1 million for the years ended December 31, 2023 and 2024, respectively, representing 8.3% and 5.4% of our total revenue for the respective years. Purchases from Customer B was USD0.1 million for the year ended December 31, 2023, accounting for 0.1% of our total purchases for the respective year.

Hanmi Group, being our largest supplier during the Track Record Period, was also our customer. Hanmi Group mainly supplied us with pharmaceutical products, and mainly purchased marketing services and maternity products from us during the Track Record Period. Procurement from Hanmi Group amounted to USD141.2 million, USD112.6 million and USD112.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, equivalent to 57.5%, 52.6%, and 58.6% of our total purchases during the respective years. Revenue derived from Hanmi Group during the Track Record Period amounted to USD1.4 million, USD1.7 million and USD4.5 million, representing 0.4%, 0.6% and 1.5% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively.

Dx&Vx Co., Ltd., being one of our five largest suppliers during Track Record Period, was also our customer. Dx&Vx Co., Ltd. mainly provided us with food products, medical devices, consulting services and trademark licensing services, and mainly purchased marketing services and maternity products from us during the Track Record Period. Purchases from Dx&Vx Co., Ltd. amounted to USD11.5 million, USD6.3 million and USD1.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, equivalent to 4.7%, 2.9%, and 1.0% of our total purchases during the respective years. Revenue generated from Dx&Vx Co., Ltd. during the Track Record Period amounted to USD1.5 million, USD1.7 million and USD1.1 million, representing 0.4%, 0.6% and 0.4% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively.

Beijing Leye, being one of our five largest suppliers during Track Record Period, was also our customer in 2023. Beijing Leye mainly provided us with HR services and intermediary services during the Track Record Period, and purchased consumer goods from us in 2023. Purchases from Beijing Leye amounted to USD4.9 million, USD3.4 million and USD2.0 million for the years ended December 31, 2023, 2024 and 2025, respectively, equivalent to 2.0%, 1.6%, and 1.1% of our total purchases during the respective years. Revenue generated from Beijing Leye amounted to USD16.3 thousand for the year ended December 31, 2023, representing less than 0.1% of our total revenue for the respective year.

According to Frost & Sullivan, it is common in the pharmaceutical industry in China for suppliers and customers to overlap, given their broad and diverse range of business activities. Our Directors confirm that our sales and purchases disclosed above were conducted separately and, therefore, were neither connected with nor conditional upon each other during the Track Record Period. We believe such arrangements are fair, reasonable, on normal commercial terms and determined on an arm's length basis.

RESEARCH AND DEVELOPMENT

Research and development is critical to the sustainable growth of our business. We carefully select our R&D programs based on market analysis and our scientific expertise. Our research activities are conducted both in-house and through collaborations with external research partners, such as research institutes, universities and other pharmaceutical companies.

Our R&D Projects and Pipeline

To expand our market reach in the overall supply chain, our R&D initiatives are organized around our core product clusters in both pharmaceutical products as well as maternity and supplements, targeting key therapeutic areas such as immunity, gut health, early-stage development, anti-inflammation and the microbiome. We focus on leveraging proprietary strains, global clinical collaborations and diagnostic innovation to advance product differentiation and market positioning. The following list sets out the details of our five principal R&D projects:

- **Weaning nutrition therapy:** We are currently commercializing a portfolio of weaning nutrition therapy products formulated with our proprietary Ofmom Coree strains, targeting digestive issues such as diarrhea and allergic reactions in weaning-age infants.

  A core component of our development status is built upon immunomodulation with two probiotic strains isolated by Advanced Analytical Technologies SRL ("**AAT**"). Through pre- or post-treatment of two strains, abnormal intestine can be cured into healthy bowel condition by normalization of immune system.

  Lab-scale studies have been completed, and the license-out is scheduled for early 2026. The commercialization roadmap foresees a product launch as a functional food in 2027, followed by an OTC launch in 2029.

- **Upper respiratory tract infection treatment microbiome:** The ImmuneBac platform, a microbiome-derived immunomodulatory solution, is currently under lab-scale study development. It is intended for use in immunocompromised populations, such as the elderly and young children, to restore immune homeostasis. The platform may function as an adjuvant or standalone immunotherapy, and we plan to submit an Investigational New Drug ("**IND**") application upon completion of preclinical studies.

  We are advancing a proprietary inactivated probiotic strain to penetrate the upper respiratory tract infection ("**URTI**") treatment and prevention market, with potential applications in immunocompromised populations and patients receiving immune checkpoint inhibitors ("**ICIs**"). Our preclinical studies have demonstrated that the strain enhances immune responses against viral antigens in human cell models, activating innate immune pathways critical for antiviral defense. Delivered via a nasal spray designed as a medical device, our product is intended to support URTI prevention and immune activation.

  We are preparing to license out this platform by early 2026, leveraging our partner's expertise in respiratory therapeutics and regulatory execution in China. This partnership is expected to generate near-term value through milestone payments, while we retain global rights to advance further applications in immunomodulation and preventive health.

- **Metabolic disease microbiome therapeutic agents:** We are also advancing the Gemelli biomarker project, a research collaboration with Gemelli Hospital in Italy and clinical institutions in China. With access to a premium European clinical network, this initiative seeks to identify novel biomarkers related to diabetes and obesity through metagenomic and metabolomic analyses.

Recruitment and specimen collection have been completed across three cohorts: healthy controls, type 2 diabetes patients and obesity patients. We have collected multiple biospecimens and are currently conducting metagenomic profiling and statistical data analysis to evaluate treatment responses and uncover correlations with microbiome and metabolome using omics methods.

As a first step, the current study has identified unique biomarkers in obese and diabetic patients, and through further research we aim to develop biomarkers applicable to early diagnosis and prediction of treatment responses. Our goal is to launch microbiome-targeted therapeutic agents for metabolic disorders by 2029. We expect the insights gained to be invaluable in our future development of microbiome-targeted therapeutic agents for metabolic disorders.

- **HMO substitute:** Our HMO substitute project aims to produce a synthetic human milk oligosaccharide ("**HMO**") analog to support gut immunity and brain development in infants. Preliminary studies indicate that fermented oats may stimulate the growth of beneficial gut microbiota more effectively than conventional HMO-containing formulas. Manufacturing processes for the base materials are under development, with future integration planned into infant and functional formulas.

  Our new product leverages microbial fermentation of natural food sources to produce naturally derived oligosaccharides, significantly reducing the risk of biorejection and enhancing compatibility with infant physiology. This proprietary process delivers a high yield of target compounds, enabling economical production at scale while maintaining superior quality.

  Manufactured through a simplified, low-risk production process, it requires minimal purification and carries a favorable safety profile, supporting regulatory registration across multiple markets. Due to its enhanced bioactive composition and natural origin, we expect the product to command a higher pricing premium.

  Lab-scale studies are currently underway, and pilot production as well as technology transfer are planned. Upon their completion, we aim to launch the product as a general food by late 2026, followed by commercialization as a functional food in 2028 after clinical trials.

- **Herita:** We initiated the development of Herita, a next-generation synbiotic probiotic combining three clinically proven high-performance probiotic strains with optimized prebiotics. This formulation is designed to enhance intestinal stability and immune function, addressing gut discomfort and dysbiosis through synergistic microbiome balance. The product aims to enhance gut health and resilience by supporting beneficial gut bacteria balance and regulating inflammatory and allergic responses. Formula development is currently underway. We plan to launch an adult product first, followed by a pediatric product in 2028 after clinical trials.

Among our principal R&D projects, weaning nutrition therapy and upper respiratory tract infection treatment microbiome are related to the development of drugs candidates, targeting gut dysbiosis in weaning-age infants and the prevention of upper respiratory tract infections, respectively. These initiatives are currently at an early preclinical feasibility stage.

Our R&D Infrastructure

R&D centers

We operate two R&D centers in China and Italy, each serving a distinct role in our end-to-end product development strategy. Our Beijing R&D center plays a central role in product localization, clinical trial coordination, and regulatory compliance in the Chinese market. It is further structured into three dedicated teams: (i) the infant formula team, which oversees formula development, process optimization, and ongoing regulatory registration and compliance; (ii) the nutrition products team, which leads the development of probiotic solid beverages, modified milk powders and nutritional packs, and also reviews formula and labeling compliance for imported products; and (iii) the microbiology team, which focuses on probiotic strain screening, functional validation and industrialization planning. The Beijing center is equipped with advanced laboratory instruments, including high-pressure homogenizers, chromatographs and laminar flow hoods, enabling a full spectrum of applied R&D activities from ingredient testing to prototype formulation. Our R&D center located in Italy supports clinical development in collaboration with academic institutions, regulatory planning under the European Medicines Agency guidelines, and sourcing of specialty ingredients from European partners.

Both of our R&D centers are equipped with internal quality control systems and centralized documentation tools, and we maintain active partnerships with contract research organizations to enhance development efficiency and regulatory readiness across our key markets.

Clinical Partnerships

We collaborate with leading medical and academic institutions across multiple jurisdictions to support clinical development, biomarker discovery, and real-world evidence generation for our product candidates. Our key clinical partners include Peking Union Medical College Hospital and West China Hospital of Sichuan University in China, Seoul National University Hospital in Korea, and Gemelli Hospital in Italy. These institutions provide access to specialized patient cohorts and expertise in pediatrics, obstetrics, metabolic disease, microbiome research and digital therapeutics. For example, our partnership with Peking Union Medical College Hospital focuses on gestational diabetes and mother-infant microbiome studies through multi-omics analysis, while our collaboration with West China Hospital supports vaccine adjuvant development and microbiome-based immunotherapies. Through Gemelli Hospital, we conduct joint clinical development targeting inflammation and aging-related conditions.

We engage with our clinical partners under structured collaboration frameworks, including memoranda of understanding, IRB (Institutional Review Board)-approved protocols, and co-development agreements, enabling us to accelerate translational research and regulatory readiness across key markets.

PRODUCTION PROCESS AND FACILITIES

Our manufacturing center is located in Zhangjiakou which is within the prime dairy belt. The facility occupies a site of over 80,000 square meters with a gross floor area of approximately 40,000 square meters, comprising three automated production workshops. The production lines are equipped with machinery sourced from leading international and domestic brands. Our manufacturing center has an annual aggregate production capacity of approximately 8,000 tonnes, covering a wide range of product categories such as infant formula milk powder, general dairy products, nutritional supplements, specialty dietary foods and probiotics. The actual production volume of our production facilities amounted to approximately 2,274, 4,081 and 4,155 tonnes in 2023, 2024 and 2025, respectively, with an utilization rate[(1)] of 29.3%, 52.5% and 53.5% during the same years. Packaging formats include stick packs, pouches and cans, catering to the nutritional needs of consumers across all age groups and various consumption scenarios.

During the Track Record Period, our production facilities were dedicated exclusively to supporting our maternity and supplements business line, while all the products we provided under our medicine marketing, promotion and sales business line are procured from third-party suppliers. We employ a flexible manufacturing strategy that combines in-house production with third-party contract manufacturing as well as procurement of finished products to optimize capacity utilization, ensure product quality, and allow us to respond efficiently to market demand.

- ***In-house manufacturing***. We have built a fully integrated platform that combines proprietary research and development, production facilities complying with GMP standards, and a scalable commercial network. In 2023, 2024 and 2025, approximately 16.7%, 41.1% and 51.3% of our revenue attributable to maternity and supplements business line was derived from products manufactured in-house, respectively. In particular, our infant formula powder products are produced exclusively in-house.

- ***Third-party contract manufacturing***. We also cooperate with contract manufacturing organizations ("**CMOs")** to manufacture certain of our own products as part of our flexible production strategy, which primarily covers products in the forms of gel candies, gummy and oil drops; imported probiotic products; and Sanita UZA&DENTI infant and maternal personal care products. In 2023, 2024 and 2025, products manufactured by CMOs accounted for approximately 60.9%, 44.2% and 36.9% of our total revenue attributable to maternity and supplements business line, respectively. Our selection of CMOs is based on stringent quality control standards, compliance with food safety regulations, and geographic proximity to key markets. We maintain full oversight of product specifications, raw material sourcing and quality assurance protocols to ensure consistency across all production channels.

Note:

(1) The utilization rates of our production facilities are calculated based on the ratio of actual production volume during the relevant period to our designed production capacity for the relevant period. The designed production capacity is calculated based on several factors including the number of our production facilities for the relevant period, the typical hourly production volume per equipment unit and assumed equipment operating time, taking into account our historical production records.

- ***Direct procurement***. We also source a limited portion of our products directly from third-party suppliers as finished goods to complement our product offerings. In 2023, 2024 and 2025, the maternity and supplements products procured from third-parties accounted for approximately 13.5%, 5.8% and a negligible percentage of our total revenue attributable to the maternity and supplements business line during the Track Record Period.

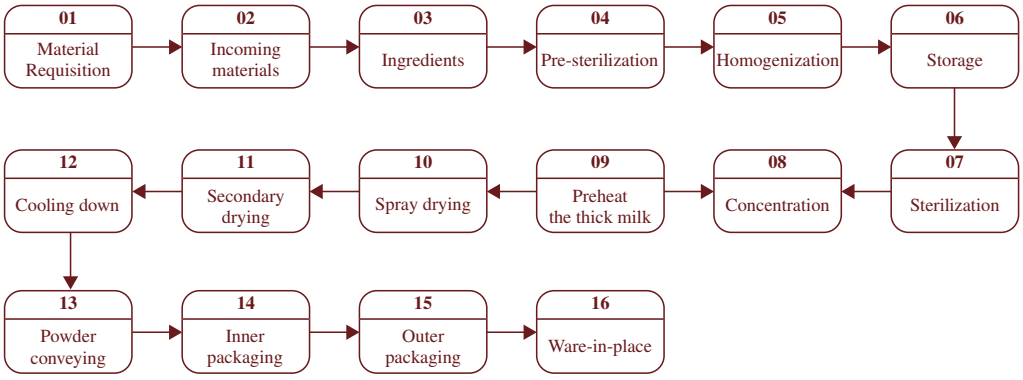
Separately, we also provide limited contract manufacturing services to third parties. Such services primarily relate to probiotic products, nutritional supplements and certain maternity-related products, and generated revenue of approximately USD2.2 million, USD2.1 million and USD2.3 million in 2023, 2024 and 2025, respectively.

For compliance risks relating to our production process and facilities, see "Risk Factors – Risks Relating to Compliance with Laws and Regulations – We are subject to comprehensive construction project approval, acceptance and safety requirements, and may be exposed to compliance costs, rectification obligations and potential liabilities".

Production Process

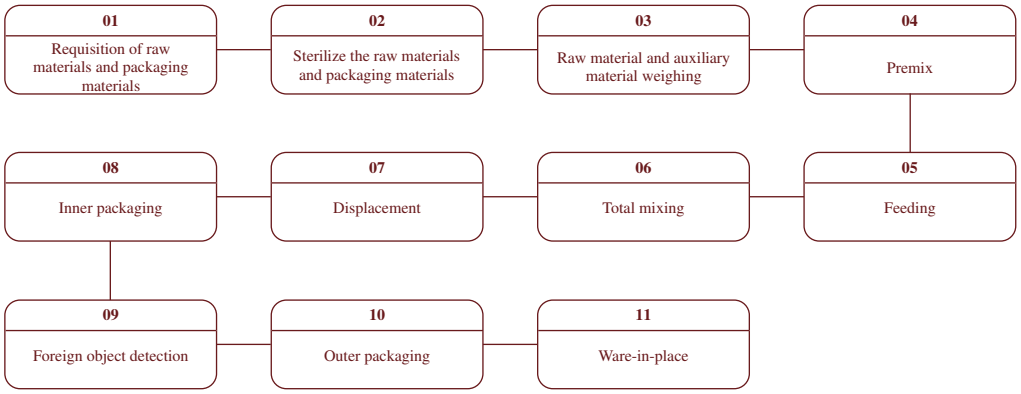
Dairy Products

The following chart illustrates and describes the major steps in our production process for dairy products:



Solid Beverage, Probiotics and Special Dietary Food

The following chart illustrates and describes the major steps in our production process for solid beverage, probiotics and special dietary food:



Our Equipment and Machinery

The plant is equipped with fully automated systems, including wet mixing, evaporation, spray drying, homogenization, granulation, tunnel sterilization, and automated filling and canning lines.

We recently established a five-year plan on production equipment as part of our overall strategy. We plan to use our current working capital to continue to invest in supply chain upgrades and multi-category high-value-added production lines to expand our product offerings and profit sources, and through this we aim to optimize supply chain efficiency, cost control and product quality. Our plan includes the completion of an oat flour production facility by 2030, enabling external sales and revenue generation while providing core raw materials for downstream product innovation to achieve industrial chain synergy. We also plan to carry out targeted upgrades and enhancements across certain production facilities and lines to (i) expand production of liquid milk and liquid infant formula to expand our coverage of dairy product categories; (ii) renovate infant formula milk powder filling production line to enhance the competitiveness and profitability of our core products; and (iii) support the production of Food for Special Medical Purpose (FSMP) and health products.

RAW MATERIALS AND SUPPLIERS

Raw Materials

We use a variety of raw materials in our manufacturing processes. The principal raw material for our products is lactose, whole milk powder, skimmed milk powder and whey. We only source raw materials from suppliers who possess all necessary material licenses for their business operations.

Our Suppliers

We enter into long-term supply agreements with our suppliers in connection with our promotion and distribution of their products nationwide or across broader geographic regions, and to secure stable procurement of finished pharmaceutical products within our core product portfolio. These long-term supply agreements mainly cover finished pharmaceutical products, including pediatric and respiratory medications, antibiotics and antivirals, dermatological and mucosal topical products, female hygiene and cleansing-related pharmaceuticals, as well as other products to be launched from time to time, such as anti-obesity therapeutics. These agreements, typically spanning three to five years, focus on products with strong market competitiveness, such as those in high demand with limited competition or those that are imported and original. Generally, each agreement sets out annual purchase volumes, pricing, delivery schedules and incentives for excess purchases. Payment terms generally require a 50% advance payment upon order placement, with the remaining 50% due upon completion of production and delivery.

Suppliers of key raw materials are identified based on their ability to meet our quality and safety requirements, and suitability of the raw materials they provide for use in maternity supplements products. Furthermore, to ensure stable supply and timely production, we maintain sufficient stock and enter into annual framework agreements with our key suppliers. Our implementation of various inventory and resource management systems enables us to plan the allocation of resources effectively and ensure a steady and timely supply of raw materials. Our procurement team is responsible for the procurement of raw materials based on the requirements provided by each production division. The procurement team evaluates our key suppliers and negotiates the price of the raw materials we purchase from our suppliers.

In addition, our logistics team, in collaboration with our R&D, quality and production teams, is working to expand the number of suppliers to reduce our reliance on any single source and to strengthen our bargaining position. To that end, efforts are being made to enroll alternative suppliers, supported by small-batch validation tests, to enhance flexibility in procurement and reduce dependency on any single supplier.

For more information on the inventory and quality control of our raw materials, see "– Our Inventory Management" and "– Quality Control." As of the Latest Practicable Date, we had not experienced any significant delay or material shortage of raw material supply or had any material disputes with our suppliers.

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

		For the year ended December 31, 2023				
Supplier	**Products purchased**	**Purchase amount** *(USD in thousands)*	**% of our total purchase**	**Credit period**	**Commencement of relationship**	**Background**
Hanmi Group	Pharmaceutical products	141,235	57.5	90 days	2007	A group of companies comprise Hanmi Science Co., Ltd., a company listed on the Korea Exchange under the stock ticker 008930, and its consolidated subsidiaries.
Dx&Vx Co., Ltd.	Food products	11,475	4.7	60 days	2022	A Korean public company founded in 2001 that engages in bio-health care products.
Supplier A	Pharmaceutical products	8,110	3.3	Advance payment	2020	A private company founded in Heilongjiang in 2000 that engages in retail of pharmaceutical products and devices.
Beijing Leye Information Consulting Co., Ltd. (北京樂業信息諮詢有限公司) ("**Beijing Leye**")	Human resources services and business travel services	4,915	2.0	10 to 40 days	2011	A private company founded in Beijing in 2011 that engages in social and economic consultant services.
Supplier B	Promotional materials	2,354	1.0	Payment within five working days from the invoice date	2022	A private company founded in Chongqing in 2021 that engages in general retail services.
Total		**168,089**	**68.5**			

		For the year ended December 31, 2024				
Supplier	**Products purchased**	**Purchase amount** *(USD in thousands)*	**% of our total purchase**	**Credit period**	**Commencement of relationship**	**Background**
Hanmi Group	Pharmaceutical products	112,554	52.6	90 days	2007	A group of companies comprise Hanmi Science Co., Ltd., a company listed on the Korea Exchange under the stock ticker 008930, and its consolidated subsidiaries.
Supplier A	Pharmaceutical products	7,731	3.6	Advance payment	2020	A private company founded in Heilongjiang in 2000 that engages in retail of pharmaceutical products and devices.
Supplier C	Pharmaceutical products	7,326	3.4	Advance payment	2023	A private company founded in Henan in 2019 that engages in pharmaceutical wholesale business.
Dx&Vx Co., Ltd.	Food products	6,282	2.9	Advance payment	2022	A Korean public company founded in 2001 that engages in bio-health care products.
Beijing Leye	Human resources services and business travel services	3,391	1.6	10 to 40 days	2011	A private company founded in Beijing in 2011 that engages in social and economic consultant services.
Total		**137,284**	**64.1**			

		For the year ended December 31, 2025				
Supplier	**Products purchased**	**Purchase amount** *(USD in thousands)*	**% of our total purchase**	**Credit period**	**Commencement of relationship**	**Background**
Hanmi Group	Pharmaceutical products	112,860	58.6	90 days	2007	A group of companies comprise Hanmi Science Co., Ltd., a company listed on the Korea Exchange under the stock ticker 008930, and its consolidated subsidiaries.
Supplier E	Pharmaceutical products, transportation and warehousing services	7,101	3.7	Payment within five working days from the invoice date	2025	A private company founded in Hubei in 2023 that primarily engages in medical distribution.
Supplier D	Promotional materials	2,102	1.1	Payment within five working days from the invoice date	2024	A private company founded in Anhui in 2019 that primarily engages in promotional materials supply and general goods sales.
Beijing Leye	Human resources services and business travel services	2,040	1.1	10 to 40 days	2011	A private company founded in Beijing in 2011 that engages in social and economic consultant services.
Dx&Vx Co., Ltd.	Food products, medical devices and consumables, consulting services and trademark licensing	1,886	1.0	(i) 60% advance payment with 40% balance due upon delivery of goods, (ii) 4-month credit period, or (iii) payment within five working days from the invoice date	2022	A Korean public company founded in 2001 that engages in bio-health care products.
Total		**125,988**	**65.5**			

For the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers in each year amounted to USD168.1 million, USD137.3 million and USD126.0 million, respectively, equivalent to 68.5%, 64.1% and 65.5% of our total purchases during the respective years. During the same years, purchases from our largest supplier, Hanmi Group, amounted to USD141.2 million, USD112.6 million and USD112.9 million, respectively, equivalent to 57.5%, 52.6%, and 58.6% of our total purchases during the respective years. During the Track Record Period, payments to our five largest suppliers are made via bank transfer.

Mr. Lim, our founder, executive Director and Controlling Shareholder, was also a non-executive director and a shareholder of Dx & Vx Co., Ltd. As of the Latest Practicable Date, Mr. Lim directly held 57.97% interest and indirectly, through our Company, held 3.71% interest in Dx&Vx Co., Ltd. In addition, Mr. Lim was a shareholder of Hanmi Group (together with Dx&Vx Co., Ltd., the "**Excluded Companies**") during the Track Record Period. As of the Latest Practicable Date, Mr. Lim indirectly held approximately 0.10% interest in Hanmi Science through Dx&Vx Co., Ltd. Mr. Lim also acts as the legal representative and chairman of the board of directors of Beijing Hanmi. In addition, Beijing Leye is wholly owned by Mr. Lim. Save for Hanmi Group, Dx&Vx Co., Ltd. and Beijing Leye as disclosed above, none of our Directors, senior management, their respective close associates, or any Shareholders holding more than 5% of the issued share capital of our Company held any interest in any of our five largest suppliers in each year of during the Track Record Period.

Key Strategic Supplier: Hanmi Group

During the Track Record Period, revenue generated from products sourced from Hanmi Group accounted for 83.6%, 81.8% and 87.7% of our total revenue in 2023, 2024 and 2025, respectively. To strengthen alignment and mitigate potential risks or conflicts of interest, we maintain a close working relationship with Hanmi Group and have entered into a long-term strategic cooperation agreement (the "**Strategic Cooperation Agreement**") with Beijing Hanmi Pharmaceutical Co., Ltd ("**Beijing Hanmi**"), a subsidiary of Hanmi Group. Under the Strategic Cooperation Agreement, Beijing Hanmi is responsible for the distribution of pharmaceutical products through hospital tender channels, while we act as its distribution and marketing partner for all other channels, mainly out-of-hospital channels. The Strategic Cooperation Agreement applies to pharmaceutical and other mutually designated products and establishes a long-term cooperation framework covering distribution, commercialization and marketing activities. Hanmi Group shall first offer any new distribution terms and conditions to us before engaging with other distributors, ensuring that we have the priority to accept such terms and conditions. The Strategic Cooperation Agreement will remain effective on a continuing basis and does not grant either party a general unilateral termination right exercisable by giving notice for a fixed notice period. It may only be terminated by mutual written agreement of the parties or upon the occurrence of certain specified events, including the insolvency or change of control of the other party. There is no minimum purchase commitment under the Strategic Cooperation Agreement. Pricing for the transactions under the Strategic Cooperation Agreement will be conducted on an arm's length basis, aligned with prevailing market prices, and subject to annual review and adjustment. The Strategic Cooperation Agreement does not set out pre-defined credit or payment terms, and such detailed commercial arrangements are expected to be agreed in separate annual sales agreements or transaction-specific arrangements. These contractual arrangements under the Strategic Cooperation Agreement reduce potential conflicts and ensure that transactions are conducted on an arm's-length basis.

Our Directors are of the view that the risk that the relationship between Hanmi Group and us materially adversely changes or terminates is low, mainly because (i) we have maintained a long-term and stable collaboration with Hanmi Group since 2007; (ii) we have entered into the Strategic Cooperation Agreement with Beijing Hanmi to secure long-term cooperation; (iii) during the Track Record Period and up to the Latest Practicable Date, there were no supply disruption or any material breaches of any agreements between Hanmi Group and us; (iv) Hanmi Group cannot distribute pharmaceutical products without a Drug Operation License in Chinese Mainland, while we hold the necessary license along with a nationwide distribution network, which demonstrates mutual reliance between Hanmi Group and us; (v) our procurement from Beijing Hanmi represented a notable portion of its pharmaceutical product sales during the Track Record Period; and (vi) over the years of cooperation with Hanmi Group, we have developed a solid understanding of its products and formulated structured marketing strategies for such products, resulting in high switching costs on Hanmi Group's end. For details, see "— Our Products and Services — Medicine Marketing, Promotion and Sales Business" in this section.

On the other hand, for in-hospital sales, in the PRC, Hanmi Group primarily engages third-party distribution partners for fulfilling purchase orders and logistics obligations for the in-hospital market while conducting certain marketing, promotion and sales activities itself through its internal clinical and medical affairs team. To the best of our knowledge, Hanmi Group selects third-party distribution partners for in-hospital distribution channel on a product-specific basis, taking into account of regional regulation, hospital "white list", product characteristics, competitive landscape and channel strategy. To the best of our knowledge, Hanmi Group currently has no concrete or definitive plan or timetable to commence direct distribution of pharmaceutical products in the PRC or to materially alter its existing distribution model.

Non-competition with Excluded Companies

Hanmi Group is centered on pharmaceutical and healthcare businesses, including prescription drug manufacturing, active pharmaceutical ingredients and pharmaceutical wholesale and healthcare-related services, with sales conducted predominantly through professional and institutional channels. By contrast, we focus on distributing consumer-oriented, brand-led healthcare and nutrition products and provides marketing, promotion and commercialization services primarily through retail, pharmacy and clinic channels. Dx&Vx Co., Ltd. is a bio-healthcare company principally engaged in developing genomics-based diagnostics and next-generation therapeutics. Our business, by contrast, is centered on medicine marketing, promotion and sales, as well as the commercialization and distribution of maternity and supplement products targeting mass consumer markets. Accordingly, Hanmi Group and Dx&Vx Co., Ltd. operate with different business focus, product portfolio, distribution channels and customer bases from those of our Group. For details, see "Relationship with Our Controlling Shareholders – Competition" in this document.

To the best of our knowledge and based on publicly available corporate records and filings, there is no overlap in customers or management personnel between our Group and Hanmi Group or Dx&Vx Co., Ltd., other than Mr. Lim. Neither Hanmi Group nor any other entities in which Mr. Lim and his close associates have interests currently operates in a manner that competes with our Group's principal business, and, to the best of our knowledge, they are not potential competitors of our Group. Save for the first offer arrangement with Hanmi Group under the Strategic Cooperation Agreement described above, Hanmi Group, our Controlling Shareholders and other entities in which Mr. Lim and his close associates have interests have not granted us any right of first refusal or non-competition undertaking.

During the Track Record Period, we procured pharmaceutical products from Hanmi Group and revenue generated from the products sourced from Hanmi Group accounted for 83.6%, 81.8% and 87.7% of our total revenue in 2023, 2024 and 2025, respectively. We mainly procured food products from Dx&Vx Co., Ltd. during the Track Record Period and revenue generated from the products sourced from Dx&Vx Co., Ltd. represented for 0.0%, 1.8% and 0.9% of our total revenue in 2023, 2024 and 2025, respectively.

Our Diversification Initiatives

We have implemented, and intend to continue to implement, measures to diversify our product portfolio, supplier base, business partners, channels and revenue streams in order to reduce reliance on Hanmi Group and other entities in which Mr. Lim and his close associates have interests. In terms of product portfolio, we have progressively introduced and commercialized non-Hanmi products on an ongoing basis across multiple therapeutic areas. These include pharmaceutical products, such as antibiotics and respiratory and dermatology-related drugs, targeting both pediatric and adult patient groups, as well as healthcare products and medical devices, including nutritional supplements, topical formulations and certain medical consumables. In terms of suppliers and business partners, alongside Hanmi Group we have established cooperation arrangements with multiple domestic and overseas pharmaceutical manufacturers in relation to different products, which has led to an increased number of suppliers other than Hanmi Group and more diversified sourcing channels during the Track Record Period. Beyond the products commercialized during the Track Record Period, we have continued to pursue planned introductions of additional non-Hanmi products and cooperation with additional non-Hanmi suppliers, with a view to further broadening our therapeutic coverage, including gastrointestinal treatment, pain relief, pediatric healthcare and other healthcare needs. As of the Latest Practicable Date, we had successfully introduced nine non-Hanmi products pursuant to cooperation and distribution arrangements with our suppliers, and we were in negotiations with three additional suppliers regarding the potential introduction of three non-Hanmi products. In terms of channels and revenue streams, we plan to expand into additional business areas, including the introduction of medical aesthetics devices since 2026, and the further development of our SCSS platform, which enables order linkage across distributors' product portfolios and may generate fee-based income distinct from product sales revenue.

We expect these diversification initiatives to be implemented on a phased basis, with ongoing product introductions and supplier expansion continuing in the near term and potential expansion into additional therapeutic areas and business opportunities subject to market conditions and regulatory requirements. While our cooperation with Hanmi Group and certain other counterparties is expected to remain significant, we believe that the gradual implementation of these measures will, over time, enhance the resilience of our business and mitigate our exposure to potential material adverse changes in any single supplier or partner relationship.

OUR INVENTORY MANAGEMENT

Medicine Marketing, Promotion and Sales

We utilize information collection systems and integrate those with our procurement system in order to better control inventory holding costs, maintain product variety and ensure prompt delivery. We generally set minimum and maximum inventory levels for each product we carry and monitor those inventory levels.

Maternity and Supplements

We maintain a comprehensive inventory management system that monitors raw materials, work-in-progress and finished products to ensure efficient operations and consistently high product quality. All inventory is managed according to the First-In, First-Out ("**FIFO**") principle, which helps ensure that products are dispatched in the order they were received, minimizing the risk of expiration. To further safeguard product quality, we have implemented internal freshness standards for raw and auxiliary materials, semi-finished products and finished goods. These standards set usage and distribution thresholds that are three to six months ahead of the expiry date. For example, even though most raw materials have a shelf life of up to two years, we use only those materials that are within one year of their production date, and finished products are generally sold within six months to ensure optimal freshness.

To prevent cross-contamination and simplify classification and stocktaking, each type of inventory is stored in designated areas. Storage conditions are strictly managed: all storage rooms are well-ventilated, and milk powder is kept at a proper distance from walls to prevent humidity exposure. We also plan and allocate storage space strategically to ensure that stock levels meet delivery schedules without overstocking.

Our inventory management system records detailed information for each product batch, including supplier names, entry dates and shelf-life limits, allowing us to track stock accurately and write off obsolete inventory when necessary. Damaged or defective goods returned by distributors are promptly disposed of in accordance with internal procedures. By applying strict freshness and quality standards, we strive to ensure the safety, consistency and reliability of every product that leaves our facility.

QUALITY CONTROL

Medicine Marketing, Promotion and Sales

We maintain a stringent quality control system, as required by the GSP standards and procedures, and we devote significant attention and resources to quality control of the services we provide. Our quality control system provides quality standards and operating procedures for different aspects of our business, including quality inspections prior to product purchases, products being admitted to our warehouse, and products exiting our warehouse. As of the Latest Practicable Date, we employed 26 personnel, 10 of which are registered pharmacists with over 10 years of experience in the quality control department of pharmaceutical companies, responsible for monitoring our quality control, and six of our employees are dedicated to monitoring storage conditions and inventory of the products.

Our management is also actively involved in setting and adjusting our quality control policies and procedures. We source and procure the products in our portfolio mainly from suppliers that we believe have strong product quality control systems and proven track records. All imported pharmaceutical product candidates are required to pass a quality inspection by the government authorities in China before they can be registered for import and sale into China. Shipments of imported products are also subject to inspection by relevant departments of health, state pharmaceutical administrative bureaus, and port examination agencies in China, as applicable. We carefully select logistics companies to ensure product quality during the transportation of the products. During the Track Record Period and up to the Latest Practicable Date, none of the products we provide had been subject to any material product recall or material liability claims related to product quality or safety.

We store products by product type and production date so that they are shipped on a FIFO basis. We also store products in different rooms at the warehouses we utilize based on their temperature and humidity requirements. For example, we set and continuously monitor the temperature of our cold storage room to ensure the consistent quality of the products we provide. We store our inventory at our self-owned warehouses and third-party logistics centers, allowing us to deliver products in an efficient and cost-effective manner. The warehouses are designed to ensure the maintenance of suitable storage conditions for the quality and safety of the products we sell and complies with GSP standards. Our quality inspectors inspect the products in the warehouse on a daily basis and conduct quality checks again before the products are shipped to customers. We have also adopted stringent policies and procedures to dispose of products with expired shelf life and rigorously monitor our inventory to prevent the delivery of such products to customers.

Maternity and Supplements

Quality control is essential for maternity and supplements products which are designed for the consumption and use by infants, young children as well as expectant and nursing mothers. We believe that the only way to achieve and maintain the high quality of the products we provide is through conducting tests, experiments and trials in order to comply with applicable health and safety regulations for food products. We have therefore instituted a comprehensive quality assurance program and group-wide quality policy to ensure the production of high-quality products.

We have established a rigorous internal quality control system aligned with the ISO 9001 quality management standard. Our quality management framework is implemented across departments and operational levels in accordance with our broader business processes. To ensure transparency and uphold best practices, we undergo annual third-party reviews and verifications, reinforcing our commitment to continuous improvement, safety and regulatory compliance.

To ensure the safety and quality of all food-related materials, we have established a formal purchase inspection record management system covering the procurement, transportation and storage of raw and auxiliary materials, food additives and related products. The procurement team maintains a list of qualified suppliers and verifies their credentials, such as business licenses, production permits and inspection reports, to ensure that purchases are made only from approved suppliers. Upon arrival of raw materials at the factory, we confirm supplier qualifications and review transportation information, vehicle hygiene and product documentation before conducting sampling. We then perform inspections in accordance with the sampling plan and applicable national standards, including physical and chemical indicators, nutritional content, microbial safety and contaminant levels. The inspection results are reviewed by the inspection manager and submitted to the factory food safety director for approval. Materials that meet standards are released for use, while those that fail inspection are isolated and returned.

Once materials are received and stored at the factory, our quality control team conducts sample testing through the central laboratory. Only batches that meet our internal quality standards are approved for use. All related records are maintained in accordance with our record management process and specification protocol to ensure full traceability. This system is supported by additional operational protocols, including the raw and auxiliary materials warehousing management process and specifications. There was no material liability claims or negative public commentary related to the products we provide during the Track Record Period, which reflects the strength and effectiveness of our quality assurance practices.

Our employees, in particular staff from our production and quality control team, frequently take part in internal trainings and external educational programs. Through rigorous implementation of our quality assurance programs, we aim to maintain and improve upon our reputation of consistently high product quality and safety. We also follow strict government regulations on safety in the workplace and require all employees to comply with safety rules at all times. We provide safety-related trainings to our employees and have established safety standards which are specific to each stage of our production process. During the Track Record Period, we were in full compliance with laws and regulations applicable to us in all material respects. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, there were no material drug and/or food safety incidents that materially impacted patient safety or resulted in regulatory recalls, sales suspension, administrative sanctions or safety warnings.

COMPETITION

According to Frost & Sullivan, the market size of China's medicine marketing, promotion and sales industry was approximately RMB103.2 billion in 2025 in terms of revenue, representing a CAGR of approximately 8.2% from 2020 to 2025. The medicine marketing, promotion and sales industry is highly specialized and relatively concentrated. We compete with numerous players in the market, and a limited number of players dominate the sector, where the top five collectively held a market share of 31.8% in terms of revenue in 2025. According to Frost & Sullivan, we were the eighth-largest medicine marketing, promotion and sales service provider in China by revenue in 2025. In particular, we were the largest pediatric medicine marketing, promotion and sales service providers in China by revenue in 2025, with a market share of 17.0%. We believe that this is attributable to our strong portfolio of pediatric-focused products and extensive national terminal distribution network.

According to Frost & Sullivan, the market size of the probiotics supplement industry was approximately RMB26.6 billion in 2025 in terms of retail sales. In the probiotics supplement industry, we have stood out with our Ofmom-branded probiotic offerings tailored to gut health and immune support needs across age groups. We also compete for market share for our formula products among competing offerings in the infant formula segment. In particular, our infant formula products have established a strong market foothold by fully complying with the 2023 new national standards, including optimized protein and carbohydrate content, and prohibitions on fructose and sucrose. According to Frost & Sullivan, despite a challenging market environment where the infant milk formula segment declined at a CAGR of 3.5% from 2020 to 2025, our infant milk formula has maintained steady growth by catering to new-generation parents' emphasis on scientific parenting and product safety.

Our directors believe that we are in a favorable position to compete with both existing market players and new entrants and expect to be able to remain competitive. Our directors are confident that the implementation of our business strategies using the net **[REDACTED]** from the **[REDACTED]** will enable us to expand our business, thereby reinforcing and further enhancing our market position. However, some of our current or future competitors may have longer operating histories, larger national and regional distributors, broader geographic coverage, deeper market penetration and substantially greater financial, research, marketing and operational resources than we do. For a discussion of risks relating to competition, see "Risk Factors – Risks Relating to Our Business and Industry – Risks Relating to Our Business – We operate in a highly competitive market. We may not be able to compete successfully against our existing or potential competitors."

INTELLECTUAL PROPERTY

Our trademarks, copyrights, domain names, patents, trade secrets and other intellectual property rights distinguish our offerings from those of our competitors and contribute to our ability to compete in our target markets. As of the Latest Practicable Date, we had 40 registered domain names, 21 copyrights, 77 granted patents and patent applications, and 799 registered trademarks relating to our business in 30 countries. See "Appendix V – Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights" for details of our material intellectual property rights.

We have implemented comprehensive intellectual property protection measures. With regards to patents, we conduct patent mining and layout by proactively tracking R&D outcomes, strategically deploying patent portfolios for core innovations, and promptly filing applications. Moreover, we timely pay patent annuities and maintenance fees to keep patents in force. In addition, we perform regular prior art searches to monitor competitor activities for potential infringement of core technologies and initiate patent invalidation proceedings if violations are detected. For trademarks, we file applications for core trademarks before product launch to prevent third-party squatting. We secure defensive registrations in extended trademark classes. Additionally, we implement trademark monitoring programs to identify conflicting applications and file formal oppositions against similar marks.

A dedicated intellectual property management department systematically manages the status of our intellectual properties. Through integrated management, we effectively protect our intellectual properties, continuously strengthen technological competitiveness, and enhance our corporate value. Moreover, access to confidential information is restricted to authorized employees only, and effort is taken to avoid unnecessary exposure or access. As part of our ongoing protection measures, we enter into non-disclosure agreements with external third parties and include specific intellectual property-related clauses in these agreements if necessary to safeguard our proprietary information and technologies.

EMPLOYEES

We believe that our long-term growth depends on the expertise, experience and development of our employees. Our human resources department is responsible for recruiting, managing and training our employees. Employees are encouraged to pursue self-improvement, continuous learning, and agile transformation, driving the organization to progress steadily toward excellence.

As of the Latest Practicable Date, we had 1,117 full-time employees. The following table sets forth the number of our full-time employees as of the Latest Practicable Date:

Function	Number of Employees	% of Total
Sales and marketing	796	71.3
Operation	158	14.1
Management and administration	101	9.0
Sales supporting	46	4.1
Research and development	16	1.4
Total	**1,117**	**100.0**

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and, as a result, have generally been able to attract and retain qualified personnel.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and provident funds. We are required under PRC law to make contributions to employee benefit plans for our PRC-based employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China. We enter into standard employment agreements with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management in accordance with market practice.

We believe that we maintain a good working relationship with our employees. We have maintained a stable workforce and a positive work environment. We have established an employee union, and we regularly communicate with employee representatives from the union to understand and address their concerns and suggestions. This ongoing dialogue helps us maintain a collaborative and supportive work culture, ensuring that employees feel valued and heard. We did not encounter any material disputes with our employees during the Track Record Period.

DATA PROTECTION AND PRIVACY

Collection and Use of Personal Information

In the course of our operations, we collect and process personal information in several scenarios. For customer management and business coordination, we collect limited personal information from our corporate customers and distributors, such as the name and mobile number of their contact persons. We notify the relevant individuals through our corporate customers and distributors and obtain consent where required. To handle enquiries from prospective customers, we collect contact information, such as email addresses, through our official website, where a privacy notice is provided, and consent is obtained through the voluntary submission of such information. For consumer membership management, order fulfilment and delivery, we collect personal information from individual consumers, including name, mobile number and delivery address, and we provide a privacy notice prior to such collection and use and obtain the relevant consent from such individuals. In addition, for clinical trial purposes, we collect personal information from participants, who are required to review and execute informed consent forms prior to such collection, through which we obtain the necessary consent.

Internal Control Framework for Data Protection

We have established a comprehensive internal control framework for personal information protection, supported by a series of internal policies, including the Personal Information Protection Management Policy, Personal Information Protection Impact Assessment Management Regulation, Data Security Protection Management Policy, Cybersecurity Protection Management Policy and Cybersecurity Incident Management Regulation. These policies govern the entire lifecycle of personal information, including its collection, transmission, use, storage and deletion, and set out applicable security standards and impact assessment requirements. They also establish a data classification regime under which data is categorized into three protection grades with corresponding classification, labeling and protection measures. In addition, these policies define requirements relating to account management, access authorization and network and information security safeguards, and prescribe procedures and contingency measures for handling data security incidents, including data leakage, theft, tampering, damage, loss or illegal use.

We have also adopted a Compliance Policy, which includes specific provisions relating to personal data protection. Under this policy, personal data users are required to comply with applicable laws and regulations, and personal data is classified as "Confidential" information and must be handled in accordance with formal classification and protection standards. We implement controlled access to personal data based on business needs and approval requirements, and we have established procedures for the secure handling of personal data throughout its lifecycle, including storage, transfer and disposal. We also require the implementation of technical and organizational safeguards, such as encryption, password protection and secure backup procedures. Disclosure of personal data to third parties is subject to prior approval and must be conducted under appropriate confidentiality agreements. Our Legal Department is responsible for overseeing the implementation of these controls, and our policies assign responsibilities to employees, provide for ongoing monitoring of compliance, and establish escalation procedures for breaches, with material issues reported to our Board of Directors.

As advised by our PRC Legal Adviser, we have complied in all material respects with applicable data protection and cybersecurity laws and regulations during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENTAL AND PRODUCTION SAFETY MATTERS

ESG

We focus our efforts on core areas such as pharmaceutical R&D, technological innovation, and maternal and infant care, continuously integrating and advancing medical resources with digital healthcare services to provide users with efficient health solutions. Throughout this process, we place great emphasis on sustainable development management, strictly adhering to the guidelines of the Environmental, Social and Governance Reporting Code, and systematically assess potential ESG risks that may impact our Company's operations and growth.

ESG Governance

The Board of Directors is responsible for setting and evaluating our Company's ESG goals, strategies, material issues, and governance framework, and bears overall oversight responsibility for environmental, social, and governance matters. In addition, the Board assesses, prioritises, and manages material ESG-related risks and opportunities, regularly receives reports from the Safety Production Committee, and monitors progress toward ESG targets. We have established a Safety Production Committee composed, which is responsible for the overall safety management of the factory, formulates safety operating procedures, management standards, and safety objectives, and tracks all employees' progress toward achieving these objectives. Each executing unit is responsible for implementing ESG-related tasks to ensure the effective execution of ESG initiatives.

ESG Materiality Assessment & Risk Management

We identify key ESG topics and potential risks through methods such as industry benchmarking in accordance with the Environmental, Social and Governance Reporting Code, while simultaneously taking our actual operations and industry trends into consideration.

- We identify material ESG topics closely linked to our environmental, social, and governance performance based on the Environmental, Social and Governance Reporting Code, as well as our operational realities and industry developments.

- We have engaged external experts to provide professional advice and guidance, using peer company benchmarking and analysis to assess our ESG topics, simultaneously accounting for their significance to both our business development and our stakeholders. We then prioritize them, identifying those of high materiality and integrating them into our ESG policies and strategies accordingly.

Based on our materiality assessment, we have identified product quality and service, emissions management, and occupational health and safety as our key ESG priorities.

As of December 31, 2025, we have not experienced any material ESG-related risk events, nor have we received any penalties for violations of ESG-related laws and regulations, including those concerning environmental protection, product quality and service, or occupational health and safety. Furthermore, we have not suffered any actual or reasonably foreseeable material impacts on our business, strategy, or financial performance due to ESG-related risks (including climate-related risks).

Environment

We comply with the laws and regulations of our operating locations, including the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Noise Pollution Prevention and Control. Based on our business characteristics and development strategy, we have set the following environmental management objectives:

- GHG Emissions Reduction: Through process optimization and equipment upgrades, gradually reduce the carbon emission intensity per unit of output value.

- Emissions: Particulate Matter ≤ 5 mg/m³, Sulphur Dioxide ≤ 10 mg/m³, Nitrogen Oxides ≤ 50 mg/m³, Smoke Blackness ≤ Grade 1 by 2030.

- Waste: Establish material consumption records, optimize production processes, and control material loss rate in production within 3% by 2028 compared to 2024.

- Energy Efficiency: Promote energy-saving technological transformation to achieve a 2% reduction in comprehensive energy consumption per unit product by 2028 compared to 2024.

- Water Efficiency: Promote the implementation of water recycling systems to increase the water reuse rate in production to over 50% by 2029.

Emission Management

We strictly adhere to emissions-related laws and regulations in our operating locations, such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes.

- **Air Emissions Management:** Our primary air emissions consist of nitrogen oxides (NO_x), sulphur oxides (SO_x), and volatile organic compounds (VOCs). In our production operations, we strictly implement the Emission Standard of Air Pollutants for Boiler, ensuring compliant and standard-reaching air emissions. In 2023, 2024 and 2025, our air emissions were 2,963 tonnes, 4,120 tonnes, and 2,548 tonnes, respectively.

- **Wastewater Management:** The wastewater we generate is primarily industrial sewage. All sewage is treated and discharged regularly in compliance with regulations. In 2023, 2024 and 2025, our industrial wastewater discharge volumes were 80,141 tonnes, 101,835 tonnes, and 97,627 tonnes, respectively.

- **Hazardous Waste:** The hazardous waste we generate consists mainly of explosive precursors. We have established hazardous chemical management plans such as the Explosive Precursors Management Plan, strictly enforcing registration for inbound and outbound movements and conducting regular inventory checks. We continuously enhance the maintenance of storage facilities and have established a comprehensive management system for explosive precursors. In 2023, 2024 and 2025, our hazardous waste emission was 1.132 tonnes, 1.767 tonnes, and 1.353 tonnes, respectively. The hazardous waste emission intensity was 0.0032 tonnes/million revenue, 0.0063 tonnes/million revenue, and 0.0044 tonnes/million revenue, respectively.

- **Non-Hazardous Waste:** We are committed to promoting waste reduction and efficient resource utilization. The non-hazardous waste we generate consists primarily of general and office waste, with general waste being uniformly collected and transported by the municipal sanitation system for disposal. In 2023, 2024 and 2025, our non-hazardous waste emission was 13 tonnes, 17 tonnes, and 39.8 tonnes, respectively. Our non-hazardous waste emission intensity was 0.0371 tonnes/million revenue, 0.0604 tonnes/million revenue, and 0.1308 tonnes/million revenue, respectively, in 2023, 2024 and 2025.

Energy and Resource Management

We strictly comply with energy and resource-related laws and regulations in our operating locations, and actively promote the efficient use and recycling of resources. In 2023, 2024 and 2025, no incidents with a significant impact on the environment or natural resources occurred during our company's operations.

- **Energy Use:** We strictly enforce air conditioning temperature control standards, undertake energy-efficient lighting retrofits in office areas and establish a security patrol inspection mechanism to verify power shutdowns across all office zones, ensuring the effective implementation of various energy-saving measures.

- **Water Resource Use:** We currently source water from our own well, ensuring a stable and sufficient supply. To improve water efficiency, we continuously strengthen the inspection and maintenance of water facilities, preventing any leakage or waste and ensuring all water facilities maintain optimal operating conditions.

The following table sets forth the details of our energy consumption during the Track Record Period:

		As of December 31,		
Metrics	**Unit**	**2023**	**2024**	**2025**
Comprehensive Energy Consumption	Tonnes of standard coal	2,743.58	3,745.82	3,935.57
Comprehensive Energy Intensity	Tonnes of standard coal/million of revenue	7.83	13.30	12.94
Electricity Consumption	KWh	3,462,796	4,370,220	4,396,140
Electricity Intensity	KWh/million of revenue	9,883.21	15,514.17	14,451.52
Natural Gas	m^3	1,733,018	2,406,558	2,548,100
Gasoline Consumption (Business Travel)	Litre	8,031.2	5,241	4,300
Diesel Consumption	Litre	3,648.6	1,936	1,380
Water Consumption	m^3	98,307	107,202	51,137
Water Intensity	m^3/million of revenue	280.58	380.56	168.10
Total Packaging Materials Consumption	Tonnes	188.48	355.41	408.66
Packaging Materials Intensity	Tonnes/million of revenue	0.54	1.26	1.34

Climate Change

We actively identify climate-related risks and opportunities, systematically assessing their impacts on our operations and long-term development, and formulating corresponding mitigation and adaptation measures accordingly.

To address physical risks, we will strengthen supply chain resilience and emergency response for acute events such as storms and floods, while enhancing cooling system maintenance and real-time environmental monitoring to manage chronic impacts such as rising temperatures and humidity.

To navigate transition risks and seize opportunities, we will improve climate-related disclosures, strengthen governance, and advance emissions reduction in response to evolving regulations and stakeholder expectations. At the same time, we will invest in and scale up clean energy adoption to harness energy efficiency benefits, including reduced operational risk and greater cost stability.

We promote green office practices and low-carbon commuting to reduce electricity consumption, lower carbon emissions, and advance our commitment to achieving the emission reduction target.

The table below presents our greenhouse gas emissions[1] during the Track Record Period:

		As of December 31,		
Metrics	**Unit**	**2023**	**2024**	**2025**
Scope 1 GHG Emissions	tCO_2e	3,816.44	5,278.08	5,583.92
Scope 1 GHG Emission Intensity	tCO_2e/million RMB	10.89	18.74	18.36
Scope 2 GHG Emission	tCO_2e	1,858.14	2,345.06	2,358.97
Scope 2 GHG Emission Intensity	tCO_2e/million RMB	5.30	8.32	7.75
Scope 3 GHG Emission	tCO_2e	675.33	552.02	645.43

During the Track Record Period, our energy consumption and carbon emission generally increased, which was mainly because (a) the proportion of OEM business increased and the scale of milk powder contract manufacturing expanded, resulting in higher electricity and natural gas consumption in the production process; and (b) our self-branded milk powder products continued to expand with stable sales channels and increasing order volumes. As production intensity increased accordingly, energy consumption and carbon emission in the production process rose.

Target for Greenhouse Gas Emissions

Using 2025 as the base year, we aim to reduce our carbon emission intensity per unit of output value by approximately 3% by 2030. We plan to achieve this primarily by improving energy efficiency in our production processes. In particular, we intend to gradually upgrade production equipment by replacing higher energy-consuming machinery with more energy-efficient alternatives, which is expected to reduce electricity and natural gas consumption and lower our Scope 1 and Scope 2 greenhouse gas emissions. We also plan to optimize production processes through the adoption of more energy-efficient and lower-carbon technologies to improve energy utilization efficiency and reduce energy losses and air emissions during production.

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[1] Scope 1 greenhouse gas emissions mainly come from the direct energy consumption in our operations (such as gasoline, diesel, and natural gas). Scope 2 greenhouse gas emissions arise from the indirect energy consumption in our operations (such as purchased electricity). The method for calculating greenhouse gas emissions refers to the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC) and the "Announcement on the release of 2022 Power Sector CO2 Emission Factors" issued by the Ministry of Ecology and Environment. Scope 3 greenhouse gas accounting refers to the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Scope 3 greenhouse gas emissions consist of Category 6: Business Travel. The emission factors for greenhouse gas emissions (Scope 3 - Category 6: Business Travel) are sourced from the China Products Carbon Footprint Factors Database and the U.S. Environmentally-Extended Input-Output Model Database (USEEIO database).

Climate-related Capital Expenditure

To address climate-related risks and opportunities, we have made targeted investments primarily aimed at improving energy efficiency and supporting the adoption of cleaner energy sources. From January 2023 to December 2025, we invested approximately RMB44,300 in energy-saving equipment, including electricity-saving devices and water-saving fixtures, to enhance resource utilization efficiency and reduce energy consumption in our operations. During the same period, we also incurred expenditures of approximately RMB96,900 for heatstroke prevention and cooling supplies to safeguard employees' health and safety during high-temperature working conditions. In addition, to capture potential renewable energy opportunities, we plan to invest approximately RMB500,000 to install solar photovoltaic panels at our factories, subject to supplier selection and implementation arrangements.

As of the Latest Practicable Date, we had not adopted any financing arrangements specifically linked to climate-related risks or opportunities. We will continue to monitor developments in low-carbon transition and may make further investments as appropriate.

Social

Product Quality and Service

We have established and implemented the Production Process Inspection Plan, Non-Conforming Product Control Procedure, Management System for the Withdrawal and Recall, Recall Management policy ensuring product safety and service quality through full-cycle quality control.

- **Product Quality Control:** We conduct quality control at various checkpoints during production. This ensures that each process complies with standard operating procedure, guaranteeing product safety and efficacy. To strengthen drug safety supervision and protect public medication safety, we carry out necessary and timely recall/recovery actions for any drugs identified with quality issues. In 2023, 2024 and 2025, the percentage of products sold or shipped subject to recalls for safety and health reasons was 0.0005%, 0.0013% and nil, respectively.

- **Customer Experience:** We implement the Quality Complaint Management Policy and Quality Complaint Handling Standard Operating Procedure in our customer service work. For customer complaints, we have established a closed-loop management system covering the entire process of "reception–assignment–handling–response–follow-up–archiving" to ensure customer appeals are fully addressed. In 2023, 2024 and 2025, our complaint resolution rate remained at 100%, the number of product and service complaints received was 13, 4 and nil, respectively.

- **Customer Information Security and Privacy Protection:** The company strictly adheres to the Personal Information Protection Law of the People's Republic of China. We have formulated comprehensive customer information security and privacy protection system, outlining detailed process specifications for information classification, encrypted storage, access control, data retention, and secure destruction. During the Track Record Period, no major data breach incidents occurred.

- **Clinical Trials:** We adhere to international standards including Declaration of Helsinki, OECD Principles of Good Laboratory Practice, and ISO 14155:2020 Clinical Investigation of Medical Devices for Human Subjects. For each potential subject, we require the completion of a standardised informed consent process, guaranteeing that their participation is based on a fully informed and voluntary choice.

- **Drug Safety Risks:** We have established a standard operating procedure for pharmacovigilance and safety reporting and built a comprehensive drug safety risk and pharmacovigilance management system. It systematically collects, monitors, assesses, and prevents adverse reactions to investigational products during all clinical trial phases (I-IV) and post-marketing (where applicable), safeguarding subject safety and regulatory compliance throughout the clinical trial process.

- **Innovation/R&D:** We establish team-based R&D incentive mechanisms, and set up a systematic approach for identifying and analysing R&D outcomes. We implement classified and dynamic day-to-day management of intellectual property, paying relevant fees to ensure the continued validity of all intellectual property rights and safeguarding all archival intellectual property materials.

Human Resources

- **Compliant Employment:** We strictly comply with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China and establish the Employee Handbook. We rigorously verify job applicants' age to ensure full compliance with labor laws and ethical employment standards. As of December 31, 2023, 2024, and 2025, the number of employees was 1,277, 1,121, and 1,046, respectively.

  We established the *Zero Discrimination* policy and strongly condemn any form of harassment based on age, gender, race, appearance, or other factors.

- **Occupational Health and Safety:** We strictly comply with the Law of the Peoples Republic of China on Prevention and Control of Occupational Diseases and establish the Regulations on the Management of Occupational Health in the Workplace, Measures for the Management of Occupational Health Examinations.

  In daily operations, we regularly distribute personal protective equipment such as gloves, masks, and towels to enhance workplace safety. We are also preparing to conduct various internal and external health and safety training programs, covering safe production practices, fire safety, and emergency response, for employees at all levels, strengthening their OHS awareness and preparedness.

  In 2023, 2024 and 2025, we did not record any work-related fatalities, losing 370, 225, and 367 days to workplace injuries, respectively.

- **Development and Training:** We establish policies such as the Human Resource and Payroll Management Policy, 2025 Annual Training Plan, Promotion Management Policy etc. We have established the Employee Academic Advancement & Professional Certification Incentive Measures, supporting and reimbursing employees in their pursuit of higher education or professional certification, offering paid study leave along with cash rewards upon certification achievement.

Metrics		Unit	As of December 31, 2023	2024	2025
Training Coverage by Gender	Male	%	56.93	55.98	53.76
	Female	%	43.07	44.02	46.24
Average Training Hours by Gender	Male	Hours	35.4	36	20.8
	Female	Hours	34.8	37	22.4

Responsible Supply Chain

We have established systems including the Material Procurement Control Procedure, Procurement Management System, and Supplier On-site Audit Process and Standards to continuously standardise supplier management during the stages of selection, review, and evaluation. In 2023, 2024 and 2025, the number of suppliers is 94, 115, and 108, respectively.

During the supplier onboarding phase, we rigorously evaluate supplier credentials, with a key focus on verifying their Drug GMP Certificate, Drug Manufacturing License, and Quality Management System certification status. In the future, we plan to incorporate ESG factors into the supplier selection process, prioritising suppliers that adopt environmentally friendly processes and hold ISO 14001 Environmental Management System certification.

During the supplier evaluation phase, we assess supplier quality, credentials, and factory inspection reports. For any non-conformities identified during audits, we issue a Non-conformance Notice and Corrective Action Record, requiring the supplier to develop effective corrective and preventive actions to guarantee the issues are fundamentally resolved.

Business Ethics

Since 2023, we have strictly complied with the Prevention of Bribery Ordinance and the Code of Ethics and Conduct. All newly hired employees are required to undergo training in business ethics. Relevant ethical standards are also stipulated in corresponding sections of the Employee Handbook. During the Track Record Period, we recorded no major incidents of corruption or embezzlement and received no complaints related to bribery or improper transfer of benefits.

Public Welfare

We actively participate in and support social development projects, focusing on social impact, and contributing to society through public welfare activities and charitable donations. During the Track Record Period, our charitable donations amounted to RMB1.3 million.

PROPERTIES

As of the Latest Practicable Date, we had six self-owned properties and leased 21 properties in Hong Kong, PRC, Italy, USA and Korea. Our 27 properties are primarily used for offices, warehouses and manufacturing facilities.

Pursuant to Rules 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of property interests (as defined in Rule 5.01(3) of the Listing Rules) that form part of its property activities (as defined in Rule 5.01(2) of the Listing Rules) exceed 1% of its total assets (as defined in Rule 5.01(4) of the Listing Rules), the document must include the full text of a valuation report for such property interests. As of December 31, 2025, being the date of which the most recent consolidated statements of the financial position of our Group, the carrying amount of our property interests that form part of our property activities exceed 1% of our total assets. Thus, a property valuation report in respect of such property interests is included in this document. For further details of our property interests, please refer to the Property Valuation Report in Appendix III to this document.

INSURANCE

During the Track Record Period, we were not subject to any material claim or dispute that was not covered by our insurance policies. We maintain insurance coverage consistent with industry standards, including fire insurance, general liability insurance, and product liability insurance, appropriate to our risk profile. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed.

Our business is, however, susceptible to risks arising from losses we sustain during the course of our business operations and we cannot assure you that the insurance policies we have taken out will be sufficient to cover all losses we may sustain. For further details see "Risk Factors – Risks Relating to Our Business and Industry – Risks Relating to Our Employees and Other Operations – Our insurance coverage may not be adequate to protect us from all business risks, which could subject us to significant costs and business disruption."

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses, approvals and permits from relevant regulatory authorities that are necessary to our business operations, and such licenses, approvals and permits had remained in full effect.

The following table sets forth a list of material licenses, approvals and permits that our subsidiaries are required to obtain to carry out our operations in the PRC and Korea as of the Latest Practicable Date:

Licenses, approvals or permits	Granting authorities	Grant dates	Expiration dates
Filing for the operation of Class II medical devices	Beijing Shunyi AMR	2023.01.12	Long-term effective
Food Business License	Beijing Shunyi AMR	2022.09.05	2027.09.04
Drug Operation License	Hubei Provincial Drug Administration	2026.02.02	2028.02.13
Filing for the operation of Class II medical devices	Wuhan Economic and Technological Development Zone (Han Nan District) Administrative Approval Bureau	2023.11.28	Long-term effective
Registration Form for Business Operators Selling Prepackaged Food	Wuhan Economic and Technological Development Zone Administrative Approval Bureau	2023.06.01	Long-term effective
Filing for the operation of Class II medical devices	Wuhan Economic and Technological Development Zone (Han Nan District) Administrative Approval Bureau	2026.05.09	Long-term effective
Filing for the operation of Class II medical devices	Beijing Shunyi AMR	2024.03.27	Long-term effective
Medical Device Business License	Beijing Shunyi AMR	2024.03.27	2028.10.31
Registration Form for Business Operators Selling Prepackaged Food	Beijing Shunyi AMR	2024.12.13	Long-term effective
Drug Operation License	Beijing Municipal Drug Administration	2025.06.11	2029.06.12

Licenses, approvals or permits	Granting authorities	Grant dates	Expiration dates
Food Production License	Hebei AMR	2026.05.18	2031.05.17
Food Business License	Administrative Approval Bureau of Chabei Management District, Zhangjiakou City	2024.04.03	2028.01.09
Food Business Registration Certificate (Import and Sale)	Seoul Regional Office of Food and Drug Safety	2018-03-21	Long-term effective
Food Business Registration Certificate (Import and Online Retail)	Seoul Regional Office of Food and Drug Safety	2019-05-21	Long-term effective

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For example, from December 2024 to March 2025, we were subject to a tax investigation by the Korean National Tax Service ("**NTS**"). The investigation concerned a specific transaction involving the issuance of a convertible bond and the grant of an associated contractual early redemption right – structured as a call option – under an investment agreement with an independent investor, NMSESG LLC. The tax issues arose following the exercise of the early redemption right through a contractual designation mechanism, pursuant to which our Controlling Shareholder, Mr. Lim, designated us to exercise the option in accordance with the terms of the investment agreement.

Following this exercise, the NTS examined the tax implications of both the transfer of the call option and the conversion of the convertible bond. The NTS contends that the call option, initially held by NMSESG LLC, was gratuitously transferred to the controlling shareholder's side, potentially triggering a gift tax liability based on an independently assessed value of KRW3.6 billion. Furthermore, the NTS reviewed a valuation gain of approximately KRW13.2 billion arising from the conversion of the convertible bond into shares and has proposed a corporate tax assessment of approximately KRW5.3 billion.

In response to the NTS's assessment, we paid the NTS proposed tax liability in full and filed a pre-assessment appeal and subsequently lodged an appeal with the Tax Tribunal. After consulting our external legal and tax advisers, our Directors believe that the likelihood of the NTS's position being upheld is low. In the Hong Kong market, there are no independent comparable transactions or established valuation standards for call options of the kind at issue. Accordingly, the valuation method adopted by the tax authority is not based on an objective market price, but is a theoretical calculation dependent on particular assumptions and variables. Under tax law, fair market value should, in principle, be determined by an actual transaction price or an objective exchange value equivalent thereto. Therefore, taxation based on a valuation model not validated in the market is impermissible. In addition, the call option is structured such that its exercise depends on multiple conditions, and its exercisability and economic value are inherently uncertain. Where realization depends on variables such as early redemption, fluctuations in the underlying asset value and conversion conditions, treating its value as a fixed gain effectively regards a contingent gain as realized income, which is not permissible under tax law. Furthermore, any gain from the conversion of the convertible bonds into shares is an unrealized gain without any cash inflow. Such gain arises from the investment decision and contractual structure established by an independent third party, which has no special relationship with the claimant corporation, and therefore cannot be regarded as an economic benefit gratuitously or improperly transferred. Courts have also made clear that unrealized gains are in principle not subject to taxation. The conversion gain is only fixed upon future disposition, and taxing it in advance runs counter to the substance-over-form principle and the principle of tax equity.

As of the Latest Practicable Date, the matter remained pending. This investigation relates to a discrete transaction and, to date, has not had any material adverse effect on our operations, financial position or the progress of our **[REDACTED]**. For further details, see "Risk Factors – Risks Relating to Compliance with Laws and Regulations – We may be subject to claims, disputes, regulatory investigations, and other legal proceedings in the ordinary course of our business, which could materially and adversely affect us" in this document.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Two-invoice System

China's "Two-invoice System" generally requires a pharmaceutical manufacturer to issue one invoice to its distributor, with the distributor then issuing a second invoice directly to end-user hospitals. The adoption of the "Two-invoice System" is mandatory for public medical institutions, but optional for private institutions. For details, see "Regulatory Overview – Other Relevant Regulations in the PRC Pharmaceutical Industry – Two-invoice System" in this document. During the Track Record Period, we mainly distributed pharmaceutical products through the out-of-hospital channel and, therefore, our revenue related to the "Two-invoice System" remained at a relatively low and immaterial level. We have optimized our distribution model to ensure that sales to public hospitals strictly adhere to these invoicing requirements. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we (i) had not been found to breach or circumvent any laws, regulations or policies governing the Two-invoice System, (ii) had not received any administrative fines or penalties from competent authorities in connection with the Two-invoice System, and (iii) had not been issued any warnings or regulatory notices regarding compliance with the Two-invoice System.

Volume-based Procurement ("VBP")

The VBP program represents a centralized procurement shift intended to reduce drug costs through competitive bidding for guaranteed volumes. The VBP program typically imposes downward pressure on the prices at which the pharmaceutical products are sold. For details, see "Regulatory Overview – Other Relevant Regulations in the PRC Pharmaceutical Industry – Volume-based Procurement Programs" in this document. During the Track Record Period, none of the products we provided were subject to VBP programs.

Non-compliance Incidents

We are subject to various regulatory requirements and guidelines issued by the applicable regulatory authorities. Below sets forth the details of certain historical immaterial and non-systemic non-compliance incidents of our Group during the Track Record Period and up to the Latest Practicable Date. In the opinion of our Directors, the non-compliance incidents described below, taken as a whole, are not likely to have any material adverse effect on our business, financial condition or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, save as the non-compliance incidents as disclosed below, we had complied with the applicable laws and regulations in all material respects.

Incomplete Filings for Construction Projects

During the Track Record Period, certain construction projects at our Zhangjiakou facilities were not fully compliant with the filing requirements with local authorities. Some of these construction projects were completed and commenced operation prior to our acquisition of Ofmom China. Given their early construction dates and that they were undertaken by the transferor, we do not possess complete construction documentation for such projects. The remaining non-compliances primarily arose from administrative oversights and delays in the preparation and submission of the required documentation. Pursuant to applicable PRC laws and regulations: (i) for enterprise investment project filing with the NDRC, failure to complete such filing and to rectify within the required time limit may result in fines of RMB200,000 to RMB500,000 per incident; (ii) for planning permits related to construction projects, failure to obtain such permits may result in fines of up to 10% of the project contract price, and may require rectification or demolition in severe cases; (iii) for construction permits and construction project acceptance and filing, failure to obtain construction permits may result in fines of 1% to 2% of the project contract price. Failure to complete construction acceptance may result in fines of 2% to 4% of the project contract price, while failure to file acceptance reports may result in fines of RMB200,000 to RMB500,000; (iv) for environmental impact assessment and environmental protection acceptance, failure to complete environmental impact assessment procedures may result in a fine of 1% to 5% of the total project investment (for material or minor environmental impacts) and an order to restore the site, or a fine of up to RMB50,000 (for negligible impacts), and failure to complete environmental protection acceptance may subject us to a fine of RMB200,000 to RMB1,000,000 if required to rectify; and (v) failure to rectify deficiencies in fire safety, safety facilities and occupational disease protection-related procedures may, depending on the specific circumstances of each project, result in a fine of up to RMB500,000 per incident or, in serious cases, suspension of production or operations.

As of the Latest Practicable Date, credit reports from competent authorities confirm that Ofmom China had no administrative penalties or violation records in respect of development and reform, construction, environmental protection, health, natural resources and emergency management during the Track Record Period. While these issues did not immediately disrupt our operations, they pose risks of potentially affecting future productivity and revenue. In response, we have implemented comprehensive compliance checks, engaged external legal advisors for documentation review, completed all outstanding filings, and enhanced staff training on construction-related regulatory requirements to mitigate recurrence.

Non-registration of Leased Properties

During the Track Record Period, certain leased properties we used were not registered with the relevant local housing authorities, which was primarily due to differing interpretations of registration requirements and inefficiencies in our internal lease administration process. Under PRC regulations, penalties for unregistered leases may reach RMB10,000 per lease and, in some cases, authorities may compel registration via enforcement action. Although business operations were not materially affected, non-registration carried risks of restricted property access, fines, and temporary disruption. In response, we promptly initiated registration for relevant affected leases, undertook a review of internal property management controls and enhanced compliance training for staff responsible for lease administration.

Under-contribution of Social Insurance and Housing Provident Fund Contributions

During the Track Record Period, certain of our subsidiaries did not make full social insurance and housing provident fund contributions for some employees in accordance with applicable PRC requirements. Under PRC employment laws and regulations, under-contribution may result in orders to make supplementary payments, late payment surcharges and, in certain circumstances, administrative penalties. In more serious cases, repeated non-compliance could also lead to increased regulatory scrutiny. In 2023, 2024 and 2025, the shortfall amount of social insurance and housing provident fund contributions was USD5,286.4, USD5,568.9 and USD6,343.5, respectively. While the financial impact of these matters on us during the Track Record Period was not material, such non-compliance could have resulted in additional payment obligations or administrative actions. In response, we have conducted a review of our social insurance and housing provident fund contributions, settled the relevant outstanding amounts where applicable, improved our payroll and HR management systems, and strengthened employee data verification procedures to ensure ongoing compliance.

RISK MANAGEMENT AND INTERNAL CONTROL

We focus on enhancing our internal control and risk management systems. We have implemented internal audit processes to support the monitoring of our internal control and risk management systems. Our management team oversees key areas including finance, operations, compliance and product quality. We conduct internal reviews to identify potential risks across our core business lines. We recognize the importance of risk management in maintaining regulatory compliance and ensuring business continuity. As of the Latest Practicable Date, no material deficiencies had been identified in our internal control system.