

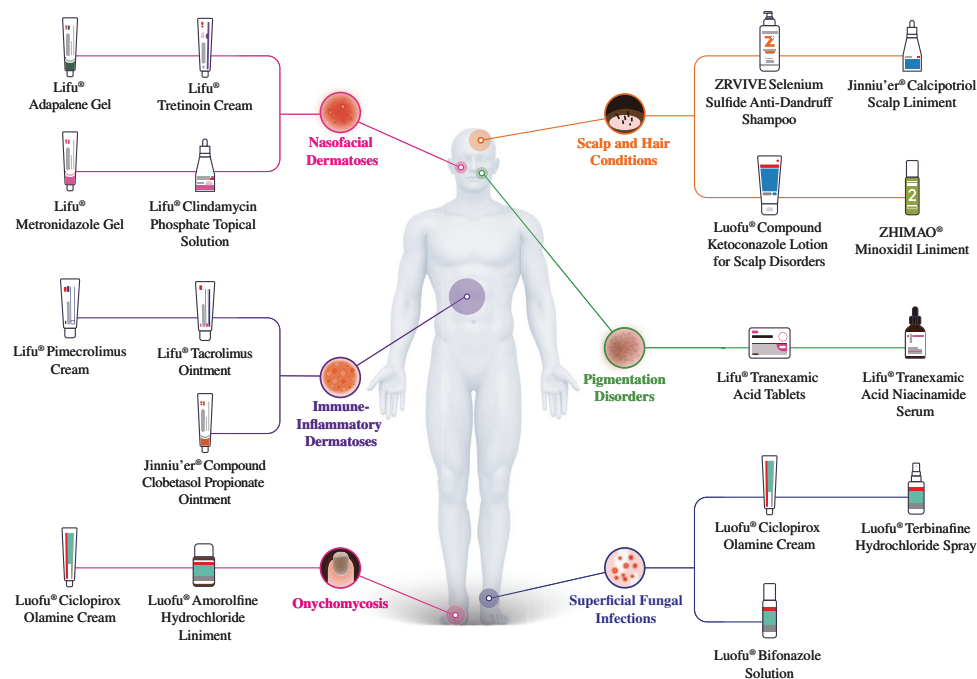
SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any investment. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read the entire document carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a specialized topical dermatology pharmaceutical company in China, with category-leading products across multiple therapeutic areas, providing comprehensive “head-to-toe” coverage across dermatological pharmaceuticals and medical-grade skincare products. By combining data-driven user demand insight, clinically grounded product development, versatile topical manufacturing, an omnichannel commercialization network with 30-minute delivery capabilities, and real-world usage data that feeds back into user demand insight, we move rapidly from user need to product launch, and from product launch to market leading products across a broad range of therapeutic categories. According to Frost & Sullivan, our commercialized products address the eight major dermatologic indications in China, which collectively affected an estimated 843 million prevalent cases in 2025, and have established the broadest coverage of high-prevalence skin indications in China, leading the market in conditions with annual patients exceeding 20 million. In addition to our commercialized products, as of the Latest Practicable Date, we had also established a pipeline of over 30 candidates, including three innovative drug candidates in China with IND approval and three pre-IND U.S. regulatory filings completed. According to Frost & Sullivan, we ranked first in China by both the total number of topical dermatology drugs submitted and approved for marketing authorization over the three years preceding the Latest Practicable Date.

Our portfolio spans the full spectrum of anatomical sites — scalp and hair, face, trunk, limbs and nails — across six core major therapeutic areas including nasofacial dermatoses, superficial fungal infections, onychomycosis, immune-inflammatory dermatoses, pigmentation disorders, and scalp and hair conditions.



Our Commercialized Products

As of the Latest Practicable Date, we had commercialized over 50 products across our six core therapeutic areas. According to Frost & Sullivan, five of our products ranked first across all channels online and offline, and an additional three ranked first by online sales, in their respective categories in 2025:

- **Lifu® Metronidazole Gel** — #1 in its category across all channels in 2025

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- **Luofu[®] Bifonazole Solution** — #1 in its category across all channels in 2025
- **Lifu[®] Clindamycin Phosphate Topical Solution** — #1 in its category across all channels in 2025
- **Luofu[®] Ciclopirox Olamine Cream** — #1 in its category across all channels in 2025
- **Jinniu’er[®] Compound Clobetasol Propionate Ointment** — #1 in its category across all channels in 2025
- **Lifu[®] Adapalene Gel** — #1 in its category online in 2025
- **Lifu[®] Pimecrolimus Cream** — #1 in its category online in 2025
- **Lifu[®] Tranexamic Acid Tablets** — #1 in its category online in 2025

We have a consistent track record of establishing category leadership quickly with the products we launch. Among the products we launched during the Track Record Period, Lifu[®] Clindamycin Phosphate Topical Solution and Luofu[®] Amorolfine Hydrochloride Liniment reached No. 1 and No. 2 online, respectively, within three months of launch; Luofu[®] Ciclopirox Olamine Cream reached No. 1 online within five months; Lifu[®] Pimecrolimus Cream reached No. 1 online within seven months; and Lifu[®] Tranexamic Acid Tablets reached No. 1 online within 12 months.

The following table summarizes our major commercialized products as of the Latest Practicable Date:

Target Area	Product	Dosage Form	Indication	Reference Price	NRDL
Nasofacial Dermatoses	Lifu [®] (麗芙 [®]) Metronidazole Gel	Gel	Inflammatory papules, pustules, rosacea erythema	RMB18.89/20g	Yes
	Lifu [®] (麗芙 [®]) Adapalene Gel	Gel	Mild-to-moderate acne vulgaris	RMB19.9/16g	Yes
	Lifu [®] (麗芙 [®]) Tretinoin Cream	Cream	Acne, keratosis pilaris	RMB18.9/10g	Yes
	Lifu [®] (麗芙 [®]) Clindamycin Phosphate Topical Solution	Paint	Acne vulgaris	RMB31.2/30ml	No
Superficial Fungal Infections	Luofu [®] (洛芙 [®]) Bifonazole Solution	Solution	Tinea manuum, tinea pedis, tinea corporis	RMB39.25/60ml	Yes
	Luofu [®] (洛芙 [®]) Terbinafine Hydrochloride Spray	Spray	Tinea manuum, tinea pedis, tinea corporis	RMB32.37/40ml	No
Onychomycosis	Luofu [®] (洛芙 [®]) Amorolfine Hydrochloride Liniment	Liniment	Onychomycosis (Fungal nail infection)	RMB137/2ml	No
	Luofu [®] (洛芙 [®]) Ciclopirox Olamine Cream	Cream	Onychomycosis, tinea pedis, tinea corporis	RMB37.38/30g	Yes
Immune-Inflammatory Dermatoses	Lifu [®] (麗芙 [®]) Pimecrolimus Cream	Cream	Mild-to-moderate atopic dermatitis (“AD”)	RMB110/10g	Yes
	Lifu [®] (麗芙 [®]) Tacrolimus Ointment	Ointment	Moderate-to-severe atopic dermatitis	RMB64/15g	Yes
	Jinniu’er [®] (金紐爾 [®]) Compound Clobetasol Propionate Ointment	Ointment	Psoriasis vulgaris	RMB48.46/30g	No
Pigmentation Disorders	Lifu [®] (麗芙 [®]) Tranexamic Acid Tablets	Tablet	Melasma	RMB160/36 tablets	Yes
Scalp and Hair Conditions	Jinniu’er [®] (金紐爾 [®]) Calcipotriol Scalp Liniment	Liniment	Scalp psoriasis	RMB98/30ml	Yes
	ZHIMAO [®] (質茂 [®]) Minoxidil Liniment	Liniment	Androgenetic alopecia (“AGA”), alopecia areata	RMB65.8/60ml	No
	ZRVIVE [®] (質潤 [®]) Selenium Sulfide Anti-dandruff Shampoo	Shampoo	—*	RMB99/300ml	No

Note:

* Not applicable for medical-grade skincare product

In addition to our established commercial portfolio, as of the Latest Practicable Date, we had four products that have received regulatory approval and are in the process of being prepared for commercial launch: Desonide Lotion, Sarecycline Hydrochloride Tablets, Fusidic Acid Cream, and Dutasteride Soft Capsules. These products span our core therapeutic areas and are expected to further broaden our commercial offerings in the near term.

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Our Product Pipeline

As of the Latest Practicable Date, we had a pipeline of over 30 candidates and had plans to launch 15 to 20 new products over the next three to five years. Key product candidates in our pipeline as of the Latest Practicable Date include:

Innovative Drug Candidate Pipeline

As of the Latest Practicable Date

Therapeutic Area	Product Name	Drug Classification	Indication	Development Stage	Next Milestone	Rights / Origin
Nasofacial Dermatoses	ZYG24002	Modified New Drug (Class 2.2+2.4)	Seborrheic dermatitis	Phase I Clinical Trial	Phase II Clinical Trial expected to commence H1 2027	Self-developed
Superficial Fungal Infections	ZYG24004	Modified New Drug (Class 2.2+2.4)	Tinea pedis	IND Approved	Phase I Clinical Trial expected to commence H2 2026	Self-developed
Onychomycosis	ZYG24012	Modified New Drug (Class 2.2)	Onychomycosis	IND Approved	Phase I Clinical Trial expected to commence H1 2027	Self-developed

Generic Drug Candidate Pipeline

As of the Latest Practicable Date

Therapeutic Area	Product Name	Dosage Form	Indication	Regulatory Status	Next Milestone
Nasofacial Dermatoses	Clindamycin Phosphate and Benzoyl Peroxide Gel	Gel	Acne vulgaris	NDA Submitted	Approval expected H1 2027
	Adapalene and Benzoyl Peroxide Gel	Gel	Acne vulgaris	NDA Submitted	Approval expected H1 2027
Immune-Inflammatory Dermatoses	Hydrocortisone Butyrate Cream	Cream	Eczema; dermatitis	NDA Submitted	Approval expected H2 2026
	Crisaborole Ointment	Ointment	Mild-to-moderate atopic dermatitis	NDA Submitted	Approval expected H2 2026
	Calcipotriol and Betamethasone Ointment	Ointment	Plaque psoriasis	BE Trial Completed	NDA Submission expected H2 2026
Superficial Fungal Infections	Terbinafine Hydrochloride Film-forming Solution	Film-forming solution	Tinea pedis (Athlete's Foot)	NDA Submitted	Approval expected H2 2026
Scalp and Hair Conditions	Finasteride Tablets	Tablet	Androgenetic alopecia	NDA Submitted	Approval expected H2 2026

Our User-Centric Product Engine

In topical dermatology, patients play a critical role in identifying their condition, evaluating available options, making purchase decisions and managing their own long-term treatment with a high degree of autonomy and increasingly conduct each stage of this process through digital channels. This means that the success of a product depends not only on its active ingredient, but also its delivery design, skin feel, tolerability, and ease of application, which all directly determine patient adherence, impacting whether a product succeeds clinically and commercially.

In response to these structural features, we have designed a self-reinforcing user-centric product engine that operates across the full dermatology value chain, combining data-driven user demand insight, clinically grounded product development, versatile topical manufacturing and social commerce-driven omnichannel commercialization to move rapidly from the identification of a user need to a market-leading product — and then capture real-world usage data to feed back into the next iteration of the cycle. Key features of our user-centric product engine include:

Clinical-Oriented Research and Development. Our R&D is anchored in clinical value — identifying where genuine improvement in efficacy, tolerability or patient adherence is achievable, and then engineering formulations to deliver it. Our proprietary VertoDerm Platform is a dosage-form-agnostic, polymer-based topical delivery system. Operating through five functional modules — controlling drug release, retention, permeation, dispersion and stability at the target site — the platform can be adapted to the physicochemical properties of different active ingredients, the barrier characteristics of different anatomical sites and the requirements of different clinical use scenarios. Complementing the VertoDerm Platform, our Deep Skin Pharmacokinetics (“**D³-PK**”) capability enables us to verify drug distribution across skin layers before committing to human clinical trials, screening out formulations that appear equivalent on paper but fail to deliver at the target site.

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Versatile and Responsive Manufacturing. We are vertically integrated across topical manufacturing and produce across eight dosage forms — solutions, gels, creams, ointments, liniments, paints, lotions and sprays — allowing us to match any new user need we identify to an optimal delivery format for the relevant anatomical site and usage scenario, unconstrained by manufacturing limitations.

Social Commerce-Driven Omnichannel Commercialization Network. Our omnichannel network spans hospitals, retail pharmacies and online platforms with 30-minute delivery capabilities and is designed to align with how topical dermatology users actually search for and access products. We have built proprietary capabilities to monitor real-time shifts in disease-related search intent and user sentiment across China’s major online platforms. As disease awareness content on these platforms drives user search behavior, the breadth of our portfolio covering high-prevalence indications across anatomical sites and usage scenarios positions us to capture that traffic at the point of purchase, compounding growth without reliance on traditional advertising models.

STRENGTHS

Our strengths include: (i) full-spectrum topical dermatology company with category-leading products capturing high-growth market opportunities; (ii) integrated product portfolio driven by clinical innovation and strategic category expansion; (iii) R&D capabilities solving critical barriers in formulation and scale-up; (iv) integrated manufacturing platform with specialized versatility and scale; (v) social commerce-driven omnichannel commercialization model; and (vi) experienced management team combining pharmaceutical expertise with digital commercial execution. See “Business — Strengths” for more details.

STRATEGIES

Our strategies include: (i) deepen strategic focus on dermatology and solidify core competitive advantages through technological innovation; (ii) strengthen our omnichannel distribution network to maximize accessibility; (iii) optimize supply chain for scale, efficiency, and strategic flexibility; (iv) accelerate AI-driven digital transformation to secure the high ground in user knowledge; (v) drive long-term brand value through user experience and word-of-mouth; and (vi) pursue strategic international expansion. See “Business — Strategies” for more details.

OUR SALES NETWORK

During the Track Record Period, our products were sold in China. We have established a comprehensive and omnichannel sales network. We generate a substantial majority of our revenue through online wholesale, online retail and offline sales. Our sales team is structured to support this model. The following table sets forth a breakdown of our revenue by sales channels during the Track Record Period:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(unaudited)										
(RMB in thousands, except for percentages)										
Online sales										
Wholesale	401,675	39.0	459,005	40.8	522,425	39.5	122,946	41.9	126,806	37.7
Retail	76,533	7.4	186,931	16.6	245,496	18.5	55,497	18.9	81,259	24.1
Subtotal of online sales	478,208	46.4	645,936	57.4	767,921	58.0	178,443	60.8	208,065	61.8
Offline sales⁽¹⁾	541,490	52.5	463,819	41.2	540,299	40.8	112,526	38.4	123,439	36.6
Total sales of products	1,019,698	98.9	1,109,755	98.6	1,308,220	98.8	290,969	99.2	331,504	98.4
Others ⁽²⁾	10,862	1.1	15,945	1.4	15,450	1.2	2,226	0.8	5,274	1.6
Total	1,030,560	100.0	1,125,700	100.0	1,323,670	100.0	293,195	100.0	336,778	100.0

SUMMARY

Notes:

- (1) Our offline sales predominantly represent sales to distributors.
- (2) Others mainly include the revenue from our technical services and others.

OUR CUSTOMERS AND SUPPLIERS

Our major customers primarily consist of online wholesale customers and distributors. In 2023, 2024, 2025 and the three months ended March 31, 2026, our five largest customers in each year/period during the Track Record Period together generated RMB667.8 million, RMB599.3 million, RMB706.5 million and RMB159.9 million of revenues, respectively, accounting for 64.9%, 53.2%, 53.4% and 47.5% of our total revenue, respectively.

Our major suppliers primarily consist of suppliers of raw materials, finished products and providers of promotion and construction services. In 2023, 2024, 2025 and the three months ended March 31, 2026, purchases from our five largest suppliers in each year/period amounted to RMB190.8 million, RMB160.4 million, RMB231.5 million and RMB76.1 million, respectively, accounting for 24.6%, 19.7%, 22.7% and 26.5% of our total purchases, respectively.

See “Business — Our Customers” and “Business — Our Supply Chain — Our Major Suppliers” for more details.

OUR MARKET OPPORTUNITIES

The topical dermatology drug market in China features a mix of established multinational corporations and leading domestic pharmaceutical companies. According to Frost & Sullivan, within China’s topical dermatology drug segment, the total market is projected to grow from approximately RMB27.8 billion in 2025 to approximately RMB45.1 billion in 2030, at a CAGR of approximately 10.2%. Growth is structurally underpinned by rising disease prevalence, increasing patient awareness and the convenience of self-medication, with online channels projected to grow at a CAGR of approximately 13.4% from 2025 to 2030, driven by the continued migration of dermatology users to digital purchasing and consultation.

China’s topical dermatology drug market is in a stage of rapid development, characterized by diverse participants and a dynamic competitive landscape. According to Frost & Sullivan, our Company ranked sixth among all manufacturers of topical dermatology drugs in China based on ex-factory prices in 2025, with a revenue of approximately RMB0.96 billion. According to Frost & Sullivan, we ranked first in China by both the total number of topical dermatology drugs submitted and approved for marketing authorization over the three years preceding the Latest Practicable Date. See “Industry Overview” for more details of competition in the markets we serve.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

SUMMARY

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

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

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(unaudited)									
	(RMB in thousands, except percentages)									
Revenue	1,030,560	100.0	1,125,700	100.0	1,323,670	100.0	293,195	100.0	336,778	100.0
Cost of sales	(290,586)	(28.2)	(349,430)	(31.0)	(439,541)	(33.2)	(93,816)	(32.0)	(114,038)	(33.9)
Gross profit	739,974	71.8	776,270	69.0	884,129	66.8	199,379	68.0	222,740	66.1
Other income	14,811	1.4	14,105	1.3	24,921	1.9	3,842	1.3	4,921	1.5
Selling expenses	(407,258)	(39.5)	(456,186)	(40.5)	(475,300)	(35.9)	(110,492)	(37.7)	(147,317)	(43.7)
Administrative expenses	(112,215)	(10.9)	(159,144)	(14.1)	(221,788)	(16.8)	(32,161)	(11.0)	(40,796)	(12.1)
Research and development costs	(48,784)	(4.7)	(59,512)	(5.3)	(70,971)	(5.4)	(11,537)	(3.9)	(10,781)	(3.2)
Reversals/(recognition) of impairment loss on trade and other receivables	510	(0.0)	(558)	(0.1)	1,579	0.2	109	(0.0)	(1,478)	(0.5)
Impairment losses on goodwill, intangible assets and assets held- for-sale	(220)	(0.0)	(39,990)	(3.6)	-	-	-	-	-	-
Profit from operations	186,818	18.1	74,985	6.7	142,570	10.8	49,140	16.7	27,289	8.1
Finance costs	(6,045)	(0.6)	(6,910)	(0.7)	(11,151)	(0.8)	(2,993)	(1.0)	(1,541)	(0.5)
Changes in the carrying amount of financial instruments issued to investors	-	-	-	-	(3,625)	(0.3)	-	-	(7,582)	(2.2)
Share of losses of associates	(3,127)	(0.3)	(2,506)	(0.2)	(2,315)	(0.2)	(2,358)	(0.8)	(754)	(0.2)
Profit before taxation	177,646	17.2	65,569	5.8	125,479	9.5	43,789	14.9	17,412	5.2
Income tax	(31,406)	(3.0)	(19,970)	(1.7)	(30,963)	(2.4)	(6,031)	(2.0)	(4,783)	(1.5)
Profit for the year /period	146,240	14.2	45,599	4.1	94,516	7.1	37,758	12.9	12,629	3.7
Attributable to:										
Equity shareholders of the Company	146,951	14.3	48,042	4.3	95,854	7.2	38,239	13.0	12,544	3.7
Non-controlling interests	(711)	(0.1)	(2,443)	(0.2)	(1,338)	(0.1)	(481)	(0.1)	85	0.0
Profit for the year/period	146,240	14.2	45,599	4.1	94,516	7.1	37,758	12.9	12,629	3.7

Non-IFRS measures

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure), which is not required by, or presented in accordance with IFRS Accounting Standards as additional financial measures. We believe that adjusted net profit (non-IFRS measure) facilitate comparisons of operating performance across different years and companies by adjusting potential impacts of items. We believe that these measures provide useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations. The adjusted net profit (non-IFRS measure) we present may not be comparable to similarly titled financial measures of other companies. The adjusted net profit (non-IFRS measure) have limitations as analytical tools, and you should not consider them in isolation from, or as substitutes for analysis of our operating results presented in accordance with IFRS Accounting Standards.

We define the adjusted net profit (non-IFRS measure) as profit for the year/period adjusted by adding back (i) equity-settled share-based payment, which are non-cash in nature; (ii) changes in the carrying amount of financial instruments issued to [REDACTED], and the financial liabilities would be reclassified to equity upon the [REDACTED]; and (iii) [REDACTED] expenses in relation to our

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[REDACTED]. For the years ended December 31, 2023, 2024 and 2025, and for the three months ended March 31, 2025 and 2026, our adjusted net profit (non-IFRS measure) was RMB146.6 million, RMB71.5 million, RMB180.9 million, RMB38.1 million and RMB31.4 million, respectively. The following table sets forth the reconciliations of our adjusted net profit (non-IFRS measure) for the years/periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
	(RMB in thousands)				
Profit for the year/period	146,240	45,599	94,516	37,758	12,629
Add:					
Equity-settled share-based payment	343	25,923	79,384	390	6,719
Changes in the carrying amount of financial instruments issued to investors	—	—	3,625	—	7,582
[REDACTED] expenses ⁽¹⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Effect of income tax	—	—	(601)	—	(797)
Adjusted net profit for the year/period (non-IFRS measure)	146,583	71,522	180,933	38,148	31,447

Note:

(1) Represents [REDACTED] expenses related to the [REDACTED].

See “Financial Information — Period-to-Period Comparison of Results of Operations” and “Financial Information — Non-IFRS Financial Measures” for more details.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Total non-current assets	513,862	572,873	710,934	764,581
Total current assets	493,339	629,104	729,630	693,414
Total current liabilities	159,141	289,931	637,568	782,899
Net current assets/(liabilities)	334,198	339,173	92,062	(89,485)
Total non-current liabilities	196,435	234,602	214,240	163,936
Net assets	651,625	677,444	588,756	511,160

Our net assets increased from RMB651.6 million as of December 31, 2023 to RMB677.4 million as of December 31, 2024, primarily due to profit for the year of RMB45.6 million and equity-settled share-based payment of RMB25.9 million, partially offset by dividend declared and approved in the previous year which was recognized in 2024 at RMB38.6 million.

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Our net assets decreased from RMB677.4 million as of December 31, 2024 to RMB588.8 million as of December 31, 2025, primarily due to (i) the recognition of financial instruments issued to investors of RMB288.6 million as a deduction from equity, (ii) the repurchase and cancellation of ordinary shares of RMB167.5 million and (iii) dividend declared and approved in the previous year which was recognized in 2025 at RMB25.7 million, partially offset by (i) proceeds of RMB256.9 million from the issuance of ordinary shares with preferred rights, net of transaction cost, (ii) profit for the year of RMB94.5 million and (iii) equity-settled share-based payment of RMB79.4 million.

Our net assets further decreased from RMB588.8 million as of December 31, 2025 to RMB511.2 million as of March 31, 2026, primarily due to the recognition of financial instruments issued to investors of RMB96.7 million as a deduction from equity, partially offset by (i) profit for the period of RMB12.6 million and (ii) equity-settled share-based payment expenses of RMB6.7 million during the three months ended March 31, 2026.

See “Financial Information — Selected Items from the Consolidated Statements of Financial Position” for more details.

Summary of the Consolidated Statements of Cash Flows

The following table sets forth summary data from our consolidated statements of cash flows for the years indicated. See “Financial Information — Liquidity and Capital Resources — Summary of the Consolidated Statement of Cash Flows” for more details.

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
	(RMB in thousands)				
Net cash generated from operating activities	183,170	161,144	206,935	39,266	12,751
Net cash used in investing activities	(147,708)	(118,587)	(117,573)	(21,193)	(88,588)
Net cash (used in)/generated from financing activities . .	(29,275)	80,115	(23,832)	(87,773)	(14,104)
Net increase/(decrease) in cash equivalents	6,187	122,672	65,530	(69,700)	(89,941)
Effect of exchange rate changes	(30)	(190)	412	(120)	(255)
Cash and cash equivalents at the beginning of the year/period	238,869	245,026	367,508	367,508	433,450
Cash and cash equivalents at the end of the year/period .	245,026	367,508	433,450	297,688	343,254

Key Financial Ratios

The following table sets forth our key financial ratios as of the dates or for the years/periods indicated. For further details, see “Financial Information — Key Financial Ratios.”

	For the years ended/As of December 31,			For the three months ended/As of March 31,
	2023	2024	2025	2026
Key financial ratios				
Revenue growth rate (%)	19.8	9.2	17.6	14.9
Gross profit margin (%)	71.8	69.0	66.8	66.1

SUMMARY

	For the years ended/As of December 31,			For the three months ended/As of March 31,
	2023	2024	2025	2026
Adjusted net profit margin (%) ⁽¹⁾ (non-IFRS measure)	14.2	6.4	13.7	9.3
Current ratio ⁽²⁾	3.1	2.2	1.1	0.9
Quick ratio ⁽³⁾	2.5	1.8	0.9	0.7
Debt-to-assets ratio ⁽⁴⁾	35.3	43.6	59.1	64.9

Notes:

- (1) Adjusted net profit margin (non-IFRS measure) is calculated by dividing adjusted net profit (non-IFRS measure) by revenue.
- (2) Current ratio is calculated by dividing total current assets by total current liabilities.
- (3) Quick ratio equals current assets (excluding inventories) divided by current liabilities.
- (4) Debt-to-assets ratio is calculated by dividing total debt, representing the sum of total current liabilities and total non-current liabilities, by total assets, representing the sum of total current assets and total non-current assets, as of the relevant date and multiplied by 100%.

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include: (i) Our business and future growth prospects rely on industry development and consumer demand for our products. If we fail to achieve and further promote our brand recognition and the widespread market acceptance of our products, or if we fail to grow or retain our customers or consumer base, our business, results of operations and financial condition may be materially and adversely affected; (ii) We operate in a competitive industry and if we fail to compete successfully against our existing or potential competitors in therapeutic dermatology and medical-grade skincare industry, our sales and operating results may be negatively affected; (iii) We rely on sales and marketing activities to promote our products. Failure to execute an effective sales and marketing strategy could harm our ability to increase the sales of our products and achieve broader market acceptance; (iv) We rely on third-party e-commerce platforms and social media platforms to sell our products online; (v) Failure to maintain effective pricing strategies and any downward changes in the pricing of our products may have a material adverse effect on our business and results of operations; (vi) Our investment in R&D may not generate expected outcomes. In addition, we may fail to realize the anticipated benefits of licensing or collaboration arrangements, which may lead to disputes with our partners; (vii) We may not be able to develop or commercialize new products that are competitive or successful in the markets we have entered or plan to enter, in a timely manner or at all; (viii) Our profitability may be adversely affected by fluctuations in our cost of sales and operating expenses; (ix) Our historical business growth, revenue and profitability may not be indicative of future performance; and (x) We rely on our in-house sales and marketing team, which primarily supports our online sales, to promote our products. Failure to execute an effective sales and marketing strategy could harm our ability to increase the sales of our products and achieve broader market acceptance.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Xu, Mr. Xie, Wuxi Zhonghe, Wuxi Langming, Wuxi Langwei, Wuxi Langyi, Wuxi Langxing and Wuxi Zhiwen were collectively interested in approximately 64.89% of the voting rights in our Company, including: (i) 4,800,308 Shares (representing approximately 3.47% of the voting rights in our Company) directly held by Mr. Xu, our executive Director and chairman of the Board; (ii) 1,200,000 Shares (representing approximately 0.87% of the voting rights in our Company) directly held by Mr. Xie, our executive Director, chief executive officer and general manager; (iii) 35,132,378 Shares (representing approximately 25.43% of the voting rights in our Company) held by Wuxi Zhonghe, which is controlled and owned as to an aggregate of approximately 61.82% by Mr. Xu and Mr. Xie pursuant to the Acting-in-Concert Agreement, whereby Mr. Xie agreed to act in concert with Mr. Xu by aligning their votes at the board meetings and shareholders’ meetings at the level of both Wuxi Zhonghe and our Company; (iv) an aggregate of 37,377,018 Shares (representing approximately 27.05% of the voting rights in our Company) held by Wuxi Langming, Wuxi Langwei and Wuxi Langyi, all of which are controlled and managed by Wuxi Zhonghe as their general partner; and (v) an aggregate of 11,140,216

SUMMARY

Shares (representing approximately 8.07% of the voting rights in our Company) held by Wuxi Langxing and Wuxi Zhiwen, both of which are controlled and managed by Mr. Xu as their general partner. Accordingly, Mr. Xu, Mr. Xie, Wuxi Zhonghe, Wuxi Langming, Wuxi Langwei, Wuxi Langyi, Wuxi Langxing and Wuxi Zhiwen constitute our group of Controlling Shareholders.

Immediately after completion of the [REDACTED], our group of Controlling Shareholders will continue to control approximately [REDACTED]% of the voting rights in our Company (assuming that the [REDACTED] is not exercised) or approximately [REDACTED]% of the voting rights in our Company (assuming that the [REDACTED] is exercised in full).

PRE-[REDACTED] INVESTORS

We had attracted certain Pre-[REDACTED] Investors and completed multiple rounds of capital increase from them to raise funds for the development of our business as of the Latest Practicable Date. For further details of the identity and background of the Pre-[REDACTED] Investors, the amount raised and the usage of proceeds, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

DIVIDENDS

During the Track Record Period, we declared dividends annually. For the years ended December 31, 2023, 2024 and 2025, we approved the dividend of RMB39.0 million (RMB3 per 10 shares, inclusive of tax), RMB38.6 million (RMB3 per 10 shares, inclusive of tax) and RMB25.7 million (RMB2 per 10 shares, inclusive of tax), respectively, in our shareholders’ meeting.

We implement our dividend policy in compliance with applicable PRC laws and regulations, including the PRC Company Law, and our Articles of Association. Following the completion of the [REDACTED], dividends may be distributed in cash or in any other manner permitted by our Articles of Association. Any proposal to declare or pay dividends, and the amount of any such dividends, will be at the discretion of the Board and will depend on a number of factors, including our operating performance, cash flows, financial position, cash dividends paid to us by our subsidiaries, business prospects, statutory and regulatory restrictions applicable to our declaration and payment of dividends, and other factors that the Board may deem relevant. The declaration and payment of any dividend, as well as the amount thereof, shall comply with our constitutional documents and applicable laws. Shareholders may approve the declaration of any dividends at a shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders at a shareholders’ meeting. Our PRC Legal Advisor is of the opinion that we may pay dividends following approval by our Shareholders at a shareholders’ meeting, in accordance with applicable laws, regulations, and our Articles of Association. See “Financial Information — Dividends and Dividend Policy” for more details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. The estimated total [REDACTED] expenses (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]), accounting for approximately [REDACTED]% of our [REDACTED] from the [REDACTED]. The estimated total [REDACTED] expenses consist of (i) [REDACTED] expenses (including but not limited to [REDACTED] and fees) of approximately RMB[REDACTED] (approximately HK\$[REDACTED]), and (ii) [REDACTED] expenses of approximately RMB[REDACTED] (approximately HK\$[REDACTED]), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[REDACTED] (approximately HK\$[REDACTED]), and other fees and expenses of approximately RMB[REDACTED] (approximately HK\$[REDACTED]). Approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) of the estimated [REDACTED] expenses is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the [REDACTED]. Approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be charged in profit or loss before or upon completion of the [REDACTED]. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

SUMMARY

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]). We currently intend to apply the [REDACTED] from the [REDACTED] for the following purposes: approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to fund the expansion of our product portfolio; approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to fund the upgrades of our manufacturing platform and intelligence infrastructures; approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to fund the enhancement of brand and market influence; approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to fund potential strategic acquisitions and investments in China and overseas; and approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for working capital and general corporate purposes. See “Future Plans and Use of [REDACTED]” for more details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or operating position or prospects since March 31, 2026, being the end date of our consolidated financial statements as set out in “Appendix I — Accountants’ Report” to this document, and up to the date of this document.