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Application Proof of



Shandong Sinder Technology Co., Ltd.

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

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Shandong Sinder Technology Co., Ltd.
山東信得科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.0 per H Share**
[REDACTED]	**:**	**[REDACTED]**

Sole Sponsor

ZTSC 中泰國際

[REDACTED]
[REDACTED]
[*[REDACTED] *and* [REDACTED]*]

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The obligations of the [REDACTED] under the [REDACTED] Agreement are subject to termination by the Sole [REDACTED] (for itself and on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. For details, please refer to the paragraph headed "[REDACTED] — [REDACTED] Arrangements and Expenses — [REDACTED] — Grounds for Termination" in this document. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors" in this document.

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read this document in its entirety before you decide to invest in the [**REDACTED**]. *There are risks associated with any investment. Some of the particular risks in investing in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

Founded in 1999, we are an animal health company in the PRC. We primarily engage in R&D, production and sales of a comprehensive range of animal health and ancillary products including veterinary biological products (such as vaccines, antibodies, transfer factors etc.), traditional Chinese veterinary medicines, chemical and drug formulation, animal feed and feed additives to achieve the prevention, diagnosis, and treatment and control of diseases in poultry, livestock, aquatic animals and pets. During the Track Record Period, the majority of our revenue was generated from the sales of animal health and ancillary products. According to CIC, we ranked tenth amongst domestic and overseas manufacturers in the animal health market in the PRC and ranked amongst the top three in the poultry veterinary biological products market in the PRC, in terms of revenue in 2025.

Our key operating data

Production and Sales	Customers and Distributors	Financial Performance
4 major production bases[(1)] **34** GMP certified production lines for veterinary drugs[(1)]	**Over 6,800** number of customers[(2)] **321** number of distributors as at 31 May 2026	**RMB984.6 million/ RMB981.8 million/ RMB1,194.3 million/ RMB507.2 million** revenue in FY2023, FY2024, FY2025 and 5M2026
Approx. 90.0% utilisation rate of antibody, transfer factor and inactivated vaccine production lines in FY2025[(3)]	**Over 10 years'** established relationship with large scale poultry and livestock farms	**46.3%/46.0%/49.3%/49.7%** gross profit margin in FY2023, FY2024, FY2025 and 5M2026
323 Approval Number for Veterinary Drug Products[(1)(5)]	**68.2%** customer retention rate[(4)] in FY2025	**+RMB38.5 million/+136.2%** export sales (FY2025 vs FY2024)

Notes:
(1) As at Latest Practicable Date.
(2) Represents customers from whom we generated revenue during the Track Record Period.
(3) Represents the utilisation rates of the antibody and transfer factor production lines at Shandong Sinder Industrial Park and the inactivated vaccine production lines at both Shandong Jiayue Production Base and Beijing Production Base, respectively. Utilisation rate is calculated as actual production volume divided by designed production capacity for the relevant year/period. For the utilisation rates of our production lines, see "Business — Production — Manufacturing Facilities" in this document.
(4) Calculated as the number of customers in the preceding year who continued to purchase from us in the relevant year, divided by the number of customers in the preceding year.
(5) For details of our products such as product type and average selling prices, see "Business — Our Product Portfolio" in this document.

Our R&D Capabilities

Our R&D capabilities are empowered by (i) our experienced R&D team, (ii) our proprietary technological platforms and (iii) our R&D facilities and infrastruture. As at the Latest Practicable Date, our R&D team consisted of 191 staff, with over 60% of whom held doctoral or master's degrees. Enabled by our R&D capabilities, we had obtained 46 new veterinary drug certificates that remain valid and effective (including one Class I and 13 Class II national new veterinary drug certificates) and 88 invention patents as at the Latest Practicable Date. We complement our in-house R&D capabilities with external R&D collaborations with national veterinary research institutes and academia, allowing us to keep abreast of the latest innovative technologies. We incurred approximately RMB69.0 million, RMB81.3 million, RMB95.7 million and RMB39.9 million of R&D expenses in FY2023, FY2024, FY2025 and 5M2026, respectively.

Our manufacturing facilities

During the Track Record Period, we invested RMB1.19 billion to support capacity development for advanced manufacturing and maintained continuous investment to support our innovations. As at the Latest Practicable Date, we have established four major production bases in regions covering Shandong and Beijing with 34 GMP certified production lines which all have successfully passed the latest GMP certification for veterinary drugs. Our product lines equipped us with the production capability to offer integrated solutions for animal disease control, covering preventive and treatment products including biological products (such as

vaccines, antibodies, transfer factors), traditional Chinese veterinary medicines, and chemical and drug formulations. We maintained a steady designed production capacity of 10.25 billion doses, 2.52 million litre and 1.97 million litre per annum for live vaccine, antibody and transfer factor, respectively, during the Track Record Period. The utilisation rate for antibody and transfer factor had reached 91.2% and 91.5%, respectively, in Shandong Sinder Industrial Park in FY2025.

Our sales network

During the Track Record Period, we sold our products primarily within the PRC, representing approximately 98.8%, 97.1%, 94.4% and 91.6% of our total revenue in FY2023, FY2024, FY2025 and 5M2026, respectively.

We mainly adopt a direct sales approach. Our direct sales revenue amounted to approximately RMB691.6 million, RMB683.3 million, RMB830.7 million and RMB364.8 million for FY2023, FY2024, FY2025 and 5M2026, respectively, representing 70.2%, 69.6%, 69.6% and 71.9% of our total revenue in corresponding periods respectively. Such direct-sales approach is strategically adopted to support our commitment in delivering Targeted Prevention and Control solutions directly to end customers, allowing us to provide timely response to their needs, and introduce our solution-oriented and technically-supported animal health products to them.

Our distribution network complements our direct sales network by serving a wider clientele. We generated revenue of approximately RMB204.8 million, RMB194.2 million, RMB198.8 million and RMB79.8 million for FY2023, FY2024, FY2025 and 5M2026, respectively, representing approximately 20.8%, 19.8%, 16.6% and 15.7% of our total revenue in the corresponding period, respectively, through our distribution network covering some small scale poultry and livestock farms and individual farmers.

In addition, we serve as the sole agent in China of a mycoplasma synoviae (MS-H strain) vaccine and a mycoplasma gallisepticum (TS-11 strain) vaccine, that are developed and manufactured by an Australian biotechnology company for poultry farms. For FY2023, FY2024, FY2025 and 5M2026, we generated revenue of RMB115.8 million, RMB129.2 million, RMB147.4 million and RMB65.6 million, respectively from sales of these two products.

Our overseas business

Our revenue generated from overseas significantly increased from approximately RMB12.2 million for FY2023 to approximately RMB28.3 million for FY2024, to approximately RMB66.8 million for FY2025, and from approximately RMB22.2 million for 5M2025 to approximately RMB42.4 million for 5M2026 and are mainly derived from key overseas markets including Pakistan, Egypt, Vietnam and Nigeria.

We aim to extend our Targeted Prevention and Control service model to overseas markets. As at the Latest Practicable Date, we have selected local business partners of our products and have completed or commenced the registration process in 32 countries in Africa, the Middle East and Southeast Asia, and plan to commence our export sales after completion of registration.

OUR COMPETITIVE STRENGTHS

We believe that our following competitive strengths attribute to our success and enable us to attain our strategic goal of delivering optimal value to our customers:

- We are a High and New Technology Enterprise and have been specialising in animal health industry in the PRC for 27 years, with a track record of transforming innovation into commercial success.
- We maintain established relationships with large scale poultry and livestock farms which provides us with competitive advantage amid the growing trend of large scale farming in the PRC.
- Replicability of implementation of our Targeted Prevention and Control model overseas allows us drive our international expansion.
- Our R&D capabilities and proprietary technologies position us to develop new products.
- We possess production capabilities that support the commercialisation of our quality and cost-effective products.
- We have a management team which demonstrates strategic execution capabilities, and we are empowered by Sumitomo Corporation, one of our shareholders and Fortune 500 company with extensive global experience.

OUR STRATEGIES

We will continue to grow our business by addressing the demand of our customers through Targeted Prevention and Control employing solutions to help our customers effectively manage animal diseases in a cost-effective manner, thereby helping our customers to increase farming outputs and profitability. We intend to develop our business based on the following five strategies so as to maximise the returns for our shareholders:

- Enhancing clients' stickiness and deepen partnerships through our Targeted Prevention and Control of animal diseases
- Focus on crafting of key products through our technological advancement and market insight

- Further enhance our production capacities to support our growth
- Expand our products and services offerings to overseas markets that are of long-term growth potential
- Develop our pets health business

OUR CUSTOMERS

During the Track Record Period, our customers mainly consist of (i) large scale animal farms; (ii) government agencies; and (iii) distributors. Revenue from our five largest customers in each year/period during the Track Record Period amounted to approximately RMB183.1 million, RMB163.4 million, RMB193.1 million and RMB99.8 million, representing approximately 18.6%, 16.6%, 16.2% and 19.7% of our total revenue for the respective periods.

MATERIALS AND SUPPLIERS

Our suppliers primarily consists of suppliers for our primary materials that we use in the production being applied in vaccine products are: (i) hatching eggs, adjuvant and culture medium; (ii) hyperimmunised egg and animal spleen being applied in antibody products and transfer factor; (iii) antibacterial agents such as florfenicol, doxycycline, tilmicosin and spectinomycin hydrochloride and excipients such as lactose and anhydrous sucrose being applied in chemical and drug formulation; and (iv) Chinese medicinal herbs such as ephedra, licorice, bitter almond, gypsum, isatis root, pulsatilla root, and indigo leaf being applied in traditional Chinese veterinary medicine. In addition, we purchase packaging materials which are mainly glass bottles, plastic bottles, caps, seals, packaging bags in different sizes. Purchases from our five largest raw material suppliers in each year/period during the Track Record Period amounted to approximately RMB92.5 million, RMB118.1 million, RMB138.8 million and RMB50.6 million, representing approximately 27.5%, 32.8%, 32.5% and 31.0% of our total purchases of raw material for the respective periods.

COMPETITIVE LANDSCAPE

According to CIC, at present, there are over 1,500 veterinary drug manufacturers in the PRC and the animal health industry faces intense competition. We compete with other animal health product manufacturers providing solutions addressing the disease prevention, diagnosis and treatment, and health management for animals. The market size of the animal health industry in the PRC reached RMB72.7 billion in 2025. We ranked tenth amongst domestic and overseas manufacturers in the animal health market in China, with a market share of 1.5% according to CIC in terms of revenue in 2025. Our competitive edge lies in being a PRC animal health company with strong farm relationships, proven international expansion through our Targeted Prevention and Control model, advanced R&D and production capabilities, and us being driven by a visionary management team supported by a Fortune 500 shareholder. Our ability to stay competitive and continue our success will depend on strengthening client partnerships through provision of our Targeted Prevention and Control service model, developing products with technology and market insight, expanding production capacity, growing in overseas markets with long-term potential, and advancing our pet health business. For further details, see "Industry Overview — Competition Landscape of China's Animal Health Industry".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary financial data set forth below are derived from and should be read together with our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with HKFRS Accounting Standards.

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
REVENUE	984,633	981,805	1,194,252	488,297	507,177
Cost of sales	(528,324)	(529,895)	(605,976)	(250,009)	(255,328)
Gross profit	456,309	451,910	588,276	238,288	251,849
Other income and gains	16,790	31,742	15,684	5,132	5,990
Impairment losses on financial instruments, net	(25,162)	(25,043)	(25,271)	(16,795)	(438)
Selling and distribution expenses	(206,341)	(222,056)	(260,841)	(109,402)	(104,615)
Administrative expenses	(85,139)	(82,555)	(89,253)	(32,935)	(41,365)
Research and development expenses	(68,954)	(81,292)	(95,715)	(34,011)	(39,862)
Other expenses	(6,819)	(4,557)	(70,628)	(2,385)	(1,861)
Finance costs	(36,561)	(36,287)	(32,391)	(15,039)	(10,809)
Share of losses of associates	(275)	(532)	(577)	(49)	(238)
PROFIT BEFORE TAX	43,848	31,330	29,284	32,804	58,651
Income tax expense	(9,085)	(3,212)	(18,445)	(4,859)	(7,557)

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	34,763	28,118	10,839	27,945	51,094
Attributable to:					
Owners of the parent	34,325	27,162	9,867	27,848	49,998
Non-controlling interests	438	956	972	97	1,096
	34,763	28,118	10,839	27,945	51,094

Non-HKFRS Financial Measures

To supplement our consolidated financial statements of profit or loss that are presented in accordance with HKFRS, we define adjusted net profit (non-HKFRS measure) as profit for the year/period adjusted by adding back (i) [**REDACTED**] expenses, and (ii) the impairment losses recognised in respect of the goodwill and the property, plant and equipment and other intangible assets of Shandong Haili, which arose from our acquisition of Shandong Haili in April 2023 and adjusted net profit margin (non-HKFRS measure) as adjusted net profit divided by revenue for the respective year/period. We believe that these non-HKFRS measures facilitate comparisons of our operating performance from period to period by eliminating the potential impacts of items which our Directors do not consider to be indicative of our operating performance.

The following table sets forth a reconciliation of our adjusted net profit (non-HKFRS measure) and to profit for the year/period in respect of the years/periods indicated:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period	**34,763**	**28,118**	**10,839**	**27,945**	**51,094**
Adjusted by adding back:					
[**REDACTED**](1)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Impairment of goodwill(2)	–	–	28,494	–	–
Impairment of property, plant and equipment and other intangible assets of Shandong Haili(2)	–	–	30,499	–	–
Adjusted net profit (non-HKFRS measure)	34,763	28,118	75,756	29,735	56,089
Adjusted net profit margin (non-HKFRS measure)	3.5%	2.9%	6.3%	6.1%	11.1%

Notes:

(1) Represents expenses incurred in connection with the [**REDACTED**] and charged to our consolidated statements of profit or loss.

(2) Represents impairment losses recognised in FY2025 in respect of (i) the goodwill allocated to Shandong Haili of RMB28.5 million, and (ii) the property, plant and equipment of RMB22.0 million and other intangible assets of RMB8.5 million of Shandong Haili, which were included in "other expenses" in our consolidated statements of profit or loss. See Notes 13, 15 and 16 to the Accountants' Report in Appendix I to this document for details.

Revenue by product

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as a percentage of our total revenue, for the years/periods indicated:

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Veterinary biological products (獸用生物製品)										
Vaccine products (疫苗產品)	464,952	47.2	476,267	48.5	629,905	52.7	249,878	51.2	253,972	50.1
Antibody products (抗體產品)	96,414	9.8	86,230	8.8	90,199	7.6	38,560	7.9	35,849	7.1
Transfer factor (轉移因子)	64,948	6.6	68,033	6.9	85,399	7.2	43,002	8.8	32,127	6.3
Subtotal	**626,314**	**63.6**	**630,530**	**64.2**	**805,503**	**67.5**	**331,440**	**67.9**	**321,948**	**63.5**

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Chemical and drug formulation (化藥製劑)[1]	191,546	19.5	199,683	20.3	209,815	17.6	80,052	16.4	97,393	19.2
Feed and feed additives (飼料及飼料添加劑)	58,520	5.9	56,030	5.7	68,030	5.7	29,055	6.0	36,475	7.2
Traditional Chinese veterinary medicine (中獸藥)	35,104	3.6	29,050	3.0	31,953	2.7	12,409	2.5	13,804	2.7
Other ancillary products[2]	73,149	7.4	66,512	6.8	78,951	6.5	35,341	7.2	37,557	7.4
Total	**984,633**	**100.0**	**981,805**	**100.0**	**1,194,252**	**100.0**	**488,297**	**100.0**	**507,177**	**100.0**

Notes:
(1) Included our pet pharmaceutical products.
(2) Mainly comprised revenue generated from the sale of eggs, fertilizers (肥料產品) and pesticides (農藥產品).

During the Track Record Period, we derived our revenue primarily from the sale of veterinary biological products, which constituted our Company's core revenue-contributing category. The revenue contribution of our veterinary biological products from FY2023 to FY2025 demonstrated a continuous growth trend, accounting for 63.6%, 64.2%, 67.5% of our total revenue in FY2023, FY2024, FY2025, respectively, followed by a slight decrease to 63.5% in 5M2026. In addition, our veterinary chemical and drug formulations consistently accounted for between 17.6% to 20.3% of our total revenue during the Track Record Period.

Revenue by geographic location

The table below sets forth our revenue by geographic location for the years or periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Chinese mainland	972,469	98.8	953,530	97.1	1,127,461	94.4	466,136	95.5	464,799	91.6
– East China[1]	456,321	46.3	429,356	43.7	542,154	45.4	225,945	46.3	227,579	44.9
– South China[2]	78,104	7.9	82,711	8.4	88,292	7.4	33,966	7.0	31,465	6.2
– North China[3]	151,033	15.3	135,835	13.8	157,804	13.2	63,191	12.9	67,434	13.3
– Central China[4]	69,927	7.1	97,828	10.0	108,961	9.1	45,708	9.4	50,305	9.9
– Southwestern China[5]	59,745	6.1	53,372	5.4	56,591	4.7	23,362	4.8	22,622	4.5
– Northwestern China[6]	21,058	2.1	15,961	1.6	15,318	1.3	5,925	1.2	8,805	1.7
– Northeastern China[7]	136,281	13.8	138,467	14.1	158,341	13.3	68,038	13.9	56,589	11.2
Overseas	12,164	1.2	28,275	2.9	66,791	5.6	22,161	4.5	42,378	8.4
– Pakistan	6,556	0.67	14,505	1.48	34,564	2.89	11,542	2.36	27,119	5.35
– Egypt	4,771	0.48	7,571	0.77	14,691	1.23	6,624	1.36	3,767	0.74
– Vietnam	604	0.06	4,669	0.48	9,301	0.78	2,917	0.60	4,809	0.95
– Nigeria	52	0.01	1,477	0.15	4,670	0.39	727	0.15	2,632	0.52
– Others[8]	181	0.02	53	0.01	3,565	0.30	351	0.07	4,050	0.80
Total	**984,633**	**100.0**	**981,805**	**100.0**	**1,194,252**	**100.0**	**488,297**	**100.0**	**507,177**	**100.0**

Notes:
(1) East China included Shanghai and the provinces of Jiangsu, Zhejiang, Anhui, Fujian, Shandong and Jiangxi.
(2) South China included Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province.
(3) North China included Beijing, Tianjin, the provinces of Hebei, Shanxi, and the central part of Inner Mongolia Autonomous Region.
(4) Central China included the provinces of Henan, Hubei and Hunan.
(5) Southwestern China included Chongqing, the provinces of Sichuan, Guizhou, Yunnan, and Tibet Autonomous Region.
(6) Northwestern China included Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, and Xinjiang Uyghur Autonomous Region.
(7) Northeastern China included Heilongjiang Province, Jilin Province, and Liaoning Province.
(8) Included Philippines, Uzbekistan, Cambodia, United Arab Emirates, South Africa, Libya and Malawi.

Our overseas revenue experienced a continuing growth throughout the Track Record Period, increasing by 132.4% from RMB12.2 million in FY2023 to RMB28.3 million in FY2024, and further escalating by 136.2% to RMB66.8 million in FY2025. The growth was mainly because after we had established an overseas business expansion team, conducted research on veterinary drug access standards in emerging breeding markets, and initiated the registration process for core veterinary biological products in overseas markets, we deepened cooperation with local distributors in Pakistan, Vietnam, Egypt and Nigeria, thereby supporting the growth in overseas revenue.

Our overseas revenue increased by 91.2% from RMB22.2 million in 5M2025 to RMB42.4 million in 5M2026. As with the introduction of targeted measures in our overseas markets, we will continue to engage additional overseas distributors and establish technical teams and dedicated pathogen databases for overseas regions.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and the respective gross profit margins by product categories for the years and periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Veterinary biological products (獸用生物製品)										
Vaccine products (疫苗產品)	218,739	47.0	230,139	48.3	341,499	54.2	134,382	53.8	134,630	53.0
Antibody products (抗體產品)	46,306	48.0	44,266	51.3	39,768	44.1	16,377	42.5	18,190	50.7
Transfer factor (轉移因子)	46,349	71.4	46,164	67.9	59,487	69.7	29,982	69.7	22,099	68.8
Sub-total	**311,394**	**49.7**	**320,569**	**50.8**	**440,754**	**54.7**	**180,741**	**54.5**	**174,919**	**54.3**
Chemical and drug formulation (化藥製劑)	73,616	38.4	65,280	32.7	65,784	31.4	24,613	30.7	33,526	34.4
Feed and feed additives (飼料及飼料添加劑)	34,115	58.3	32,250	57.6	42,104	61.9	17,304	59.6	21,552	59.1
Traditional Chinese veterinary medicine (中獸藥)	12,603	35.9	9,145	31.5	10,908	34.1	3,028	24.4	5,583	40.4
Others[(1)]	24,581	33.6	24,666	37.1	28,726	36.4	12,602	35.7	16,269	43.3
Total	**456,309**	**46.3**	**451,910**	**46.0**	**588,276**	**49.3**	**238,288**	**48.8**	**251,849**	**49.7**

Note (1): Mainly comprised gross profit generated from the sale of fertilizers (肥料產品), pesticides (農藥產品) and others.

The table below sets forth a breakdown of our gross profit and the respective gross profit margins by geographic location for the years and periods indicated:

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Chinese mainland	448,670	46.1	433,897	45.5	544,606	48.3	223,487	47.9	224,034	48.2
– East China[(1)]	203,528	44.6	191,950	44.7	264,227	48.7	109,190	48.3	113,269	49.8
– South China[(2)]	33,820	43.3	37,766	45.7	40,249	45.6	14,507	42.7	13,908	44.2
– North China[(3)]	69,773	46.2	62,588	46.1	75,347	47.7	31,111	49.2	31,485	46.7
– Central China[(4)]	32,675	46.7	40,659	41.6	41,693	38.3	17,618	38.5	19,289	38.3
– Southwestern China[(5)]	26,299	44.0	25,547	47.9	26,833	47.4	11,444	49.0	8,899	39.3
– Northwestern China[(6)]	11,002	52.2	8,289	51.9	8,147	53.2	3,183	53.7	4,510	51.2
– Northeastern China[(7)]	71,573	52.5	67,098	48.5	88,110	55.6	36,434	53.5	32,674	57.7
Overseas	7,639	62.8	18,013	63.7	43,670	65.4	14,801	66.8	27,815	65.6
– Pakistan	4,277	65.2	9,084	62.6	22,948	66.4	7,966	69.0	18,489	68.2
– Egypt	2,910	61.0	5,096	67.3	10,158	69.1	4,514	68.1	2,498	66.3
– Vietnam	386	63.9	3,170	67.9	6,349	68.3	1,877	64.4	3,040	63.2
– Nigeria	17	31.8	656	44.4	2,047	43.8	306	42.1	1,513	57.5
– Others[(8)]	49	27.3	7	14.0	2,168	60.8	138	39.3	2,275	56.2
Total	**456,309**	**46.3**	**451,910**	**46.0**	**588,276**	**49.3**	**238,288**	**48.8**	**251,849**	**49.7**

Notes (1) to (8): see " — Summary of Historical Financial Information — Revenue by geographic location" above.

During the Track Record Period, our gross profit decreased by approximately 1.0% from RMB456.3 million in FY2023 to RMB451.9 million in FY2024, mainly due to the decline in revenue during the same period. This was followed by an increase of approximately 30.2% from approximately RMB451.9 million in FY2024 to approximately RMB588.3 million in FY2025, primarily driven by a higher proportion of sales in veterinary biological products which are often of a higher margin contributing a higher proportion of revenue. Gross profit increased by 5.7% from approximately RMB238.3 million in 5M2025 to approximately RMB251.8 million in 5M2026, supported by continued product mix optimisation and effective cost-saving initiatives.

Our gross profit margin decreased slightly from 46.3% in FY2023 to 46.0% in FY2024, primarily due to a decrease in the gross profit margin of our chemical and drug formulation products from 38.4% to 32.7% amid intensified market competition. By contrast, our gross profit margin rose from 46.0% in FY2024 to 49.3% in FY2025, primarily driven by the same factors driving gross profit growth during the same period. Our gross profit margin further

improved from 48.8% in 5M2025 to 49.7% in 5M2026, primarily attributable to a shift towards higher-margin varieties within our traditional Chinese veterinary medicine and antibody products, leading to an increase in their gross profit margins from 24.4% to 40.4% and from 42.5% to 50.7%, respectively, as well as enhanced cost efficiencies from production scale expansion and procurement optimisation, alongside a decreased proportion of sales to distributors.

Summary of Consolidated Statements of Financial Position

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

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	1,006,215	975,337	847,491	832,995
Total current assets	870,599	860,997	877,643	846,251
Total current liabilities	1,080,240	1,010,503	897,337	772,298
Net current assets/(liabilities)	(209,641)	(149,506)	(19,694)	73,953
Total non-current liabilities	189,033	205,162	193,354	221,523
Net assets	607,541	620,669	634,443	685,425

Our net current liabilities decreased from RMB209.6 million as at 31 December 2023 to RMB149.5 million as at 31 December 2024, further to RMB19.7 million as at 31 December 2025, and we recorded net current assets of RMB74.0 million as at 31 May 2026. The turnaround in our net current (liabilities)/assets reflected a continuing improvement in our liquidity position during the Track Record Period, which was primarily attributable to a significant decrease in the current portion of our interest-bearing bank and other borrowings.

Our net assets increased from RMB607.5 million as at 31 December 2023 to RMB620.7 million as at 31 December 2024, primarily attributable to the profit for the year of RMB28.1 million, partially offset by the acquisition of non-controlling interests of RMB15.0 million. Our net assets increased from RMB620.7 million as at 31 December 2024 to RMB634.4 million as at 31 December 2025 primarily attributable to the profit for the year of RMB10.8 million and capital injection from non-controlling shareholders of RMB3.0 million. Our net assets further increased to RMB685.4 million as at 31 May 2026, primarily attributable to profit for the period of RMB51.1 million.

Summary of Consolidated Statements of Cash Flows

The following table sets out our cash flows for the periods indicated:

	Years ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows from operating activities	125,704	117,176	226,064	40,014	18,578
Net cash flows used in investing activities	(242,195)	(96,068)	(56,938)	(15,261)	(7,814)
Net cash flows from/(used in) financing activities	26,659	(83,820)	(111,674)	22,756	(56,538)
Cash and cash equivalents at beginning of year	253,105	163,273	100,561	100,561	157,948
Effect of foreign exchange rate changes, net	–	–	(65)	–	(112)
Cash and cash equivalents at end of year	163,273	100,561	157,948	148,070	112,062

In 5M2026, our net cash generated from operating activities was approximately RMB18.6 million. In FY2025, our net cash flow generated from operating activities was approximately RMB226.1 million. In FY2024, our net cash flow generated from operating activities was approximately RMB117.2 million. In FY2023, our net cash flow generated from operating activities was approximately RMB125.7 million. See the section headed "Financial Information — Liquidity and Capital Resources — Cash Flow" in this document.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated:

	FY2023	FY2024	FY2025	5M2026
Net profit margin	3.5%	2.9%	0.9%	10.1%
Gross profit margin	46.3%	46.0%	49.3%	49.7%
Return on equity	5.9%	4.4%	1.6%	7.6%
Return on total assets	1.9%	1.5%	0.6%	2.9%
Interest coverage	2.2	1.9	1.9	6.4

See "Financial Information — Key Financial Ratios".

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks involved in our business and industry and the [**REDACTED**], many of which are beyond our control. The details are set out in the section headed "Risk Factors". You should read that section in its entirety carefully before you decide to [**REDACTED**] in our H Shares. As we are principally engaged in R&D, production and sales of animal health products which includes veterinary biological products and most of our business operations are based in the PRC, we are subject to extensive supervision and regulation by the PRC Government. See the section headed "Regulatory Overview" in this document.

Before our veterinary biological products and drugs can be commercially viable, they must meet regulatory requirements, including the obtaining of the Veterinary Drug Production License, Number for Veterinary Drug Products, and other relevant permits, such as those required by the GMP standards in the PRC, as well as production and quality control regulations. Pre-clinical studies and clinical trials are required before regulatory approval of certain products. Manufacturers of animal health products must also comply with continuous post-marketing surveillance.

Some of the major risks we face include:

- R&D efforts may fail to generate new products.
- Development of new veterinary biological products and drugs can be time-consuming and costly and we cannot guarantee successful regulatory approval.
- Delays in clinical trials or requirements for additional trials may affect our ability to launch products and generate revenue.
- We operate in a highly competitive industry which is subject to strict regulatory oversight and our failure to compete effectively could adversely affect our results of operations.
- Our financial conditions and results of operations may be negatively affected by mass mortalities due to epidemics relating to poultry, livestock, aquatic animals and pets or adverse shifts on consumers' perception towards products relating to these animals.
- Our R&D relies on animal studies at the pre-clinical stage, and any restrictions or failure in such studies may hinder product development.

EXPIRED BAN IMPOSED BY AFLC(PSD)

On 17 April 2022, AFLC(PSD) published a penalty announcement on our Company concerning its Decision to impose a Three-year Ban on, among others, our Company, Mr. Li Zhaoyang (as our legal representative) and companies controlled or managed by him for a period from 17 April 2022 to 16 April 2025 from participating in military procurement activities due to alleged collusive bidding primarily as a result of similarities of typographical errors and service provisions shown in the tender documents of four other bidders during the Subject Procurement Activity relating to military's procurement for livestock and poultry epidemic prevention solutions. Notwithstanding the penalty imposed, the competent authority currently responsible for the administration of military procurement qualification matters confirmed that, among others, the relevant evidence did not reveal any circumstances in which our legal representative, Directors or senior management of our Company had led, directed or instigated any collusive bidding in connection with the Subject Procurement Activity.

In light of the above, our Directors are of the view, and the Sole Sponsor concurs, that the decision made by AFLC(PSD) does not negatively affect our Company's suitability for [**REDACTED**] under Rule 8.04 of the Listing Rules nor the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules. See the section headed "Directors, Supervisors and Senior Management — Further Information about our Directors and Senior Management" in this document.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Li Zhaoyang, was able to exercise approximately 45.08% voting rights in our Company, through (i) 34,270,874 Shares directly held by him, and (ii) 25,199,100 Shares held by Intime International. Intime International is a company incorporated in the British Virgin Islands with limited liability, and is wholly owned by Hong Kong Sinder, which in turn is wholly owned by Mr. Li Zhaoyang. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Li Zhaoyang, together with Intime International and Hong Kong Sinder, will be entitled to exercise approximately [**REDACTED**]% of the voting rights in our Company. Therefore, Mr. Li Zhaoyang, Intime International, and Hong Kong Sinder will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

[**REDACTED**] INVESTMENTS

We completed several rounds of [**REDACTED**] Investments since our inception. Our [**REDACTED**] Investors include Sumitomo Corporation and other 10 [**REDACTED**] Investors. See "History, Development and Corporate Structure — [**REDACTED**] Investments" of this document for details.

Pursuant to the respective capital increase agreements, equity transfer agreements and supplemental agreements of the [**REDACTED**] Investments, certain [**REDACTED**] Investors had been granted customary special rights, and our Company provided joint and several guarantees to two investors, namely Zhongtai Venture Capital and Shandong Jifu, in respect of the joint redemption rights granted by Mr. Li Zhaoyang and Intime International.

Since October 2025, our Company, the [**REDACTED**] Investors and Shandong Jifu entered into a series of supplemental termination agreements, pursuant to which the joint redemption rights and other special rights granted to the [**REDACTED**] Investors and Shandong Jifu were irrevocably terminated and deemed *void ab initio*. Having regard to the governing law of the supplemental termination agreements and the applicable regulatory framework, our Directors considered it appropriate to present the [**REDACTED**] Investments as equity throughout the Track Record Period.

Had the joint redemption rights granted by the Company to Zhongtai Venture Capital and Shandong Jifu been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the redemption financial liabilities would have been RMB156.6 million and RMB167.0 million as at 31 December 2023 and 31 December 2024, respectively. Total current liabilities would have been RMB1,236.8 million and RMB1,177.5 million, net current liabilities would have been RMB366.2 million and RMB316.5 million, and net assets would have been RMB451.0 million and RMB453.7 million as at the same dates, respectively. For further details of the financial impacts, see Note 27 to the Accountants' Report in Appendix I to this document.

PREVIOUS A-SHARE LISTING ATTEMPTS

We had historically explored listing opportunities in the PRC on two occasions. Our Company submitted an application to the CSRC for listing on the Shenzhen Stock Exchange in November 2007 and in 2009. Both applications were terminated by the CSRC at the Public Offering Review Committee stage due to (i) concerns that certain products intended to be developed with the proposed use of proceeds lacked the requisite new veterinary drug certificates and (ii) the trademark licensing agreement dated 31 July 2009 with Weifang Sinder constituted a related-party transaction involving unfair pricing, respectively.

Our Directors and the Sole Sponsor are of the view that the concerns historically raised by the CSRC are no longer relevant to the current [**REDACTED**], on the basis that (i) as at the Latest Practicable Date, our Group has obtained the requisite certificates or approvals in respect of all ten products and (ii) Weifang Sinder has since 14 August 2024 become an indirect subsidiary of our Company. For details, see "History, Development and Corporate Structure — Previous A-Share Listing Attempts" of this document.

[**REDACTED**] STATISTICS

All statistics in the following table are based on the assumptions that the [**REDACTED**] is not exercised.

	Based on an [REDACTED] of [REDACTED] per H Share	Based on an [REDACTED] of [REDACTED] per H Share
Market [**REDACTED**] of our H Shares[(1)]	[**REDACTED**]	[**REDACTED**]
Market [**REDACTED**] of our Shares[(2)]	[**REDACTED**]	[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 May 2026[(3)]	[HK$[**REDACTED**]]	[HK$[**REDACTED**]]

Notes:

(1) The calculation of the market [**REDACTED**] of our H Shares is based on [**REDACTED**] H Shares expected to be in issue immediately upon completion of the [**REDACTED**], comprising [**REDACTED**] H Shares to be issued under the [**REDACTED**] and [**REDACTED**] H Shares to be converted from [**REDACTED**] Shares.

(2) The calculation of market [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately after completion of the [**REDACTED**].

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share are arrived at after adjustments referred to in the preceding paragraphs and on the basis that [**REDACTED**] Shares are in issue, assuming that the [**REDACTED**] had been completed on 31 May 2026, without taking into account of any Shares which may be allotted and issued upon the exercise of the [**REDACTED**]. No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions for the Group entered into subsequent to 31 May 2026. For the calculation of the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 May 2026, see the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document.

[**REDACTED**]

FUTURE PLANS AND [REDACTED]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised. In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to our R&D initiatives and expansion of our product portfolio;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to fund the expansion of our production capabilities;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to fund the expansion of our overseas markets;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to provide funding for our working capital and other general corporate purposes.

For details, see "Future Plans and [**REDACTED**]."

DIVIDEND POLICY

Although we do not have a formal dividend policy or a fixed dividend distribution ratio, a decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other factors, the results of our operations, cash flows, financial conditions, our constitution documents, statutory and regulatory restrictions and other factors that we may consider relevant. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

Pursuant to Rule 8.05 of the Listing Rules, we must satisfy one of the three tests in relation to (i) profit; (ii) market capitalisation, revenue and cash flow; or (iii) market capitalisation and revenue requirements. We are applying for the [**REDACTED**] under Rule 8.05(2) of the Listing Rules as we are able to satisfy the market [**REDACTED**], revenue and cash flow test pursuant to Rule 8.05(2) of the Listing Rules based on (i) our revenue of approximately RMB1,194.3 million for FY2025, which is over HK$500 million; (ii) our expected market [**REDACTED**] at the time of the [**REDACTED**], which, based on the [**REDACTED**] of [**REDACTED**] per [**REDACTED**], exceeds HK$2 billion; and (iii) our positive cash flow from operating activities over HK$100 million in aggregate for FY2023, FY2024, and FY2025, as required by Rule 8.05(2) of the Listing Rules.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Prior to 1 January 2026, we elected to apply the simplified tax calculation method ("**Simplified Tax Calculation Method**") at a rate of 3% to our domestic sales of veterinary biological products. Following the Announcement No. 10 of 2026, as advised by our PRC Legal Adviser, such sales have been subject to VAT at the standard rate of 13% since 1 January 2026, and the related input VAT has become deductible. See "Regulatory Overview — Regulations Related to Tax — VAT."

The change has been reflected in our results of operations since 1 January 2026, where our revenue from the sale of veterinary biological products amounted to RMB321.9 million in 5M2026, representing a slight decrease of RMB9.5 million or 2.9% compared with RMB331.4 million in 5M2025. We will continue to take measures to mitigate the impact of the regulatory change, including but not limited to, adjustment of tax-inclusive selling prices of our biological products with pricing power and improvement on our procurement arrangement from VAT general taxpayers for deductible input VAT.

Save as disclosed above, our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since 31 May 2026, and there has been no event since 31 May 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

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

"Accountants' Report"	the accountants' report of our Company for the Track Record Period prepared by our Reporting Accountants, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person(s)
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on 4 February 2026 with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix V to this document
	[**REDACTED**]
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Beijing Sinder"	Beijing Sinder-Vet Technology Co., Ltd.* (北京信得威特科技有限公司), a limited liability company established under the laws of the PRC on 13 December 2004, and our direct wholly-owned subsidiary
"BIS"	U.S. Department of Commerce, Bureau of Industry and Security
"Board" or "Board of Directors"	our board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business to the public
"[**REDACTED**]"	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, refers to the [**REDACTED**] as named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" in this document
	[**REDACTED**]

[**REDACTED**]

"China" or "PRC"	the People's Republic of China, which, for the purpose of this document only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"CIC"	China Insights Industry Consultancy Limited, our industry consultant
"CIC Report"	the industry report commissioned by our Company and independently prepared by CIC, a summary of which is set forth in the section headed "Industry Overview" in this document
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CNIPA"	the National Intellectual Property Administration of the PRC (中華人民共和國國家知識產權局)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Shandong Sinder Technology Co., Ltd. (山東信得科技股份有限公司), a joint stock company established in the PRC with limited liability on 12 September 2007 upon conversion of its predecessor, Shandong Sinder, a company established in the PRC with limited liability on 2 April 1999 (or, where the context requires, its predecessor, Shandong Sinder)
"Compliance Adviser"	Zhongtai International Capital Limited
"Comprehensively Sanctioned Countries"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, currently Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People's Republic ("LPR") and Donetsk People's Republic ("DPR") regions and Zaporizhzhia and Kherson regions
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Li Zhaoyang, Hong Kong Sinder and Intime International, each a Controlling Shareholder, details of which are set forth in the section headed "Relationship with Our Controlling Shareholders" in this document
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Non-Competition"	the deed of non-competition dated [●] 2026 executed by each of our Controlling Shareholders in favour of our Company (for ourselves and for the benefit of each other member of our Group), particulars of which are set out in "Relationship with our Controlling Shareholders — Deed of Non-Competition" in this document

[**REDACTED**]

"Director(s)"	the director(s) of our Company
"EAR"	United States Export Administration Regulations, 15 C.F.R. Parts 730-774
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"Employee Incentive Schemes"	the employee incentive schemes of our Company adopted on 11 July 2023, a summary of the principal terms of which is set forth in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VI to this document
"ESOP Platform(s)"	Weifang Miaosuan and Weifang Jisheng, the employee incentive platforms, or any one of them as the context may require
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"FY2023"	the financial year ended 31 December 2023
"FY2024"	the financial year ended 31 December 2024
"FY2025"	the financial year ended 31 December 2025
"General Rules of [**REDACTED**]"	General Rules of [**REDACTED**] published by the Stock Exchange and as amended from time to time
"GFA"	gross floor area

[**REDACTED**]

"Group", "our Group", "we", "us" or "our"	our Company and our subsidiaries, or any one of them as the context may require, and where the context requires, in respect of the period before our Company became the holding company of any of our present subsidiaries, such present subsidiaries of our Company, the businesses operated by our Company and/or our subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange, effective from 1 January 2024, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange
"H Shareholder(s)"	holder(s) of our H Share(s)
"HKFRSs"	Hong Kong Financial Reporting Standards

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong Sinder"	Sinder Group Co., Limited (香港信得國際集團有限公司), a company incorporated in Hong Kong with limited liability on 7 February 2007 and one of our Controlling Shareholders
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules

"Internal Control Consultant"	SHINEWING Risk Services Limited, the special internal control consultant engaged by our Company to perform a review of the policies and system adopted by our Company on specific areas
	[**REDACTED**]
"International Sanctions"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.S. Government, the EU and its member states, the United Kingdom, UN or Government of Australia
"International Sanctions Legal Adviser"	Hogan Lovells Cadwalader International LLP, our legal adviser as to International Sanctions laws in connection with the [**REDACTED**]
	[**REDACTED**]
"Intime International"	Intime International Limited, a company incorporated under the laws of the British Virgin Islands on 13 May 2004 and one of our Controlling Shareholders
	[**REDACTED**]

"Latest Practicable Date"	7 October 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[**REDACTED**]
"Listing Committee"	the listing committee of the Stock Exchange
	[**REDACTED**]
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
"Mr. Li Zhaoyang"	Mr. LI Zhaoyang (李朝陽), an executive Director, chairman of the Board, our president, and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"OFAC"	the U.S. Department of Treasury's Office of Foreign Assets Control
	[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on 17 February 2023 which became effective on 31 March 2023

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Government" or "State"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	King & Wood, the legal adviser to our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Qingdao Sinder"	Qingdao Sinder Pharmaceutical Co., Ltd.* (青島信得藥業有限公司), a limited liability company established under the laws of the PRC on 24 April 2002, and our direct wholly-owned subsidiary
"Qingdao Xingfu"	Qingdao Xingfu Farm Enterprise Management Co., Ltd.* (青島幸福農場企業管理有限公司), a limited liability company established under the laws of the PRC on 25 May 2016, and our indirect non-wholly owned subsidiary
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	any jurisdiction that is relevant to our Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation. For the purpose of this Document, Relevant Jurisdictions include the U.S., the European Union, the United Kingdom, the United Nation and Australia
"Remuneration Committee"	the remuneration committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Accountants"	Ernst & Young, the reporting accountants of our Company

"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"SDN List"	the list of Specially Designated Nationals, and Blocked Persons maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong Chongzhiyoupin"	Shandong Chongzhiyoupin Pet Food Co., Ltd.* (山東寵之優品寵物食品有限公司), a limited liability company established under the laws of the PRC on 26 November 2018, owned as to approximately 34.95% by Weifang Hengshun Investment Partnership (Limited Partnership)* (濰坊恒舜投資合夥企業(有限合夥)), (the general partner of which is Mr. Li Zhaoyang) and three Independent Third Parties as to approximately 38.84%, 23.30% and 2.91%, respectively
"Shandong Haili"	Shandong Haili Biological Products Co., Ltd.* (山東海利生物製品有限公司), a limited liability company established under the laws of the PRC on 26 October 2020, and our direct wholly-owned subsidiary
"Shandong Sinder"	Shandong Sinder Pharmaceutical Co., Ltd.* (山東信得藥業有限公司) (formerly known as Zhucheng Sinder Pharmaceutical Co., Ltd.* (諸城市信得藥業有限責任公司)), the predecessor of our Company
"Shandong Sinder Animal Vaccine"	Shandong Sinder Animal Vaccine Co., Ltd.* (山東信得動物疫苗有限公司), a limited liability company established under the laws of the PRC on 25 June 2009, and our direct wholly-owned subsidiary
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including both [**REDACTED**] Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)

[**REDACTED**]

"Sole Sponsor"	Zhongtai International Capital Limited, being the sole sponsor as named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" in this document
"sq.m."	square meters

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Sumitomo Corporation"	Sumitomo Corporation (住友商事株式會社)
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company

[**REDACTED**]

"Taikefeng"	Shandong Taikefeng Biotechnology Co., Ltd.* (山東泰可豐生物科技有限公司), a limited liability company established under the laws of the PRC on 5 July 2018, and our direct non-wholly owned subsidiary
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the three financial years ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2026
"treasury shares"	has the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"[**REDACTED**] Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange

[**REDACTED**]

"U.S."	the United States of America
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[**REDACTED**]

"VAT"	value-added tax
"Weifang Jisheng"	Weifang Jisheng Investment Partnership (Limited Partnership)* (濰坊集勝投資合夥企業(有限合夥)), one of the ESOP Platforms established in the PRC which is controlled by Mr. Guo Lei (郭磊) as the sole general partner
"Weifang Miaosuan"	Weifang Miaosuan Investment Partnership (Limited Partnership)* (濰坊妙算投資合夥企業(有限合夥)), one of the ESOP Platforms established in the PRC which is controlled by Mr. Dong Tao (董濤) as the sole general partner

[**REDACTED**]

"%"	per cent
"5M2026"	the five months ended 31 May 2026
"2021 Investors"	Shandong Jifu Jingu New Energy Equity Investment Fund Partnership (Limited Partnership)* (山東吉富金谷新動能股權投資基金合夥企業(有限合夥)) ("**Shandong Jifu**"), Zhongtai Venture Capital (Shanghai) Co., Ltd.* (中泰創業投資(上海)有限公司) (formerly known as Zhongtai Venture Capital (Shenzhen) Co., Ltd.* (中泰創業投資(深圳)有限公司)) ("**Zhongtai Venture Capital**"), Qingdao Future Gold Industry Investment Fund Partnership (Limited Partnership)* (青島未來金產業投資基金合夥企業(有限合夥)) ("**Qingdao Future Gold**"), Qingdao Songheng Venture Capital Partnership (Limited Partnership)* (青島松恒創業投資合夥企業(有限合夥)) ("**Qingdao Songheng**"), Qingdao Songyang Venture Capital Fund Partnership (Limited Partnership)* (青島松陽創業投資基金合夥企業(有限合夥)) ("**Qingdao Songyang**") and Qingdao Songhua Venture Capital Fund Partnership (Limited Partnership)* (青島松華創業投資基金合夥企業(有限合夥)) (formerly known as Qingdao Songhua Economic Development Investment Partnership (Limited Partnership)* (青島松華經濟開發投資合夥企業(有限合夥))) ("**Qingdao Songhua**")

* For identification purposes only, the names of laws and regulations, governmental authorities, institutions, nature persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the names in the original languages shall prevail.

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"antibodies"	Y-shaped proteins produced by the immune system to identify, neutralize, and destroy foreign, harmful substances called antigens, such as bacteria, viruses, and toxins
"antigen"	any substance, typically a protein found on viruses, bacteria, or foreign cells, that the immune system recognises as foreign and triggers an immune response against
"Approval Number for Veterinary Drug Products"	the formal approval document issued by the Ministry of Agriculture and Rural Affairs following an evaluation process, certifying that an animal health product has demonstrated satisfactory quality, safety, and efficacy for its intended use in animals, and permits the company to manufacture, market, and sell the product for commercial use
"avian influenza"	a disease caused by influenza viruses that mainly affect birds and poultry, such as chickens or ducks
"Bio-safety Level"	categorising laboratories based on the bio-safety level based on the guidelines of the World Health Organisation and the Centre for Disease Control and Prevention
"BSL2"	Bio-safety Level P2, which allows work with moderate-risk agents that may affect staff but pose a low risk to the community
"BSL3"	Bio-safety Level P3, which has intensified safety measures that can handle pathogens that can cause serious or potentially fatal diseases although with low community risk as effective treatments or vaccines exist
"CNAS"	China National Accreditation Service for Conformity Assessment, an accreditation body that is responsible for operating the national accreditation system that conducts accreditation evaluation activities, legally validated by the SAMR in accordance with the Regulations of the People's Republic of China on Certification and Accreditation and the Methods for Supervision and Administration of Accreditation Body
"clinical evaluation"	a process that are designed to evaluate the clinical efficacy of animal health solutions in protecting poultry and livestock against the pathogens
"DNA"	deoxyribonucleic acid, the molecule carrying genetic instructions for the development, functioning, growth, and reproduction of all known organisms

GLOSSARY OF TECHNICAL TERMS

"drug"	active pharmaceutical ingredients, any substance or mixture of substances intended to be used in the manufacture of a medicinal product in order to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or to affect the structure or function of the body
"epidemiological investigation"	a systemic, data-driven process that designed to astutely identify the cause and patterns of diseases affecting poultry and livestock
"full suspension cell culture procedure"	a procedure that involves cultivating cells freely floating in a constantly agitated liquid medium, rather than on a solid substrate, ensuring uniform nutrient distribution and oxygen exchange
"GCP"	good clinical practice, a quality system of ethical and scientific standards for the design, conduct, reporting and recording of clinical trial involving animal participants
"genetic engineering vaccines"	vaccines developed using technology to utilise laboratory manipulated DNA, creating new, engineered sequences that contain only the specific genetic instructions or protein components needed to trigger an immune response, without utilising any weakened or killed pathogens
"GMP"	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorisation and licensing of the manufacture and sale of products
"HPAI"	highly-pathogenic avian influenza virus, which is a subcategory of avian influenza virus that causes systemic infections and characterised by high mortality and transmission rates between birds and poultry
"high-performance liquid chromatographs"	the instrument to conduct high-performance liquid chromatography, a technique used to separate, identify, and quantify specific components in mixtures
"large scale"	in respect to a farm, body corporate, enterprise, entity or group, being engaged in standardised and industrialised breeding which operate at a substantial scale, which refers to: (i) for poultry farms, an annual output of no less than 20 million broiler chickens or an annual stock of not fewer than 100,000 laying hens; and (ii) for livestock farms, an annual output of no less than 200,000 livestocks
"LPAI"	low-pathogenic avian influenza virus, which is a subcategory of avian influenza virus that causes infections with nil to mild symptoms in birds and poultry
"multivalent vaccines"	vaccines that are immunise against more than one antigen, aiming to reduce the frequency in vaccine treatments required and minimise stress reactions

GLOSSARY OF TECHNICAL TERMS

"mycoplasma"	a genus of bacteria that lack a cell wall, making them naturally resistant to common antibiotics like penicillin
"Newcastle disease(s)"	a highly contagious and frequently fatal viral infection affecting many bird species, especially poultry
"nucleic acid vaccine"	a vaccine produced by using nucleic acid (which are naturally occurring macromolecules that store, transmit, and express genetic information in all living cells and viruses), a reagent prepared using biotechnological method
"PED"	porcine epidemic diarrhoea, various infectious diseases causing loose, watery stools, severe dehydration, and high mortality in pigs
"porcine circovirus"	a small, non-enveloped, circular single-stranded DNA viruses that cause porcine circovirus-associated diseases which may lead to significant economic losses in the swine industry
"protein subunit vaccine"	a vaccine made by extracting or synthesizing protein components of a pathogen that are immunogenic to triggering protective immunity
"reagent"	a substance or compound added to a system to initiate a chemical reaction or to test for the presence of another substance
"reverse genetic modification technology"	a technology which selectively manipulate specific genes within DNA or RNA to improve efficiency and controllability of candidate strain screening and construction
"RNA"	ribonucleic acid, a vital, typically single-stranded nucleic acid present in all living cells and some viruses, acting as a messenger carrying instructions from DNA for controlling the synthesis of proteins
"solution customisation"	provide clients with tailored, comprehensive solutions that integrate veterinary biological products (such as vaccines, therapeutic antibodies, transfer factors etc.), traditional Chinese veterinary medicines and veterinary drug formulation
"small scale"	in respect to a farm, body corporate, enterprise, entity or group, being not qualified as large scale and operate on a relatively limited scale, including entities that are primarily run by individuals or family-based businesses
"Targeted Prevention and Control"	a technical support approach to our customers that encompass epidemiological investigation, solution customisation and clinical evaluation

GLOSSARY OF TECHNICAL TERMS

"traditional Chinese veterinary medicines"	medicines that employs natural Chinese medicinal materials formulated according to traditional Chinese medicine compatibility principles and processed into oral, injectable, or granule dosage forms and used for disease prevention, treatment and health management in animals
"transfer factors"	small immune messenger molecules typically released from white blood cells in response to triggering substance like an antigen, that transfer cell-mediated immunity from immune donors to non-immune recipients, thereby triggering a recipient cell-mediated immune response
"vaccines"	a biological preparation that trains the immune system to fight off specific diseases by introducing a weakened, killed, or partial version of a germ or its components, prompting the body of the recipient to create protective antibodies without causing illness, in preparation to fight a potential later real infection
"veterinary biological products"	products based on biologically derived substances and prepared using biotechnological methods, primarily used for the prevention and control of animal diseases. Such products are typically manufactured using viruses, bacteria or their antigenic components, as well as biological materials such as animal serum and cells, as raw materials, through processes including cell culture, fermentation, or genetic engineering
"Veterinary Drug Production License"	the veterinary drug production license issued by the competent veterinary drug administration authority, certifying that the requisite production conditions has been fulfilled and approved production scope to manufacture veterinary drugs

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- our ability to attract customers and further enhance our brand recognition;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in competitive conditions and our ability to compete under these conditions;
- our ability to defend our intellectual rights and protect confidentiality;
- future developments, trends and conditions in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy, if any; and
- changes or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

The forward-looking statements are based on our current plans and estimates and speak only as at the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

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

An [**REDACTED**] *in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an* [**REDACTED**] *in our H Shares.*

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the [**REDACTED**] *of our H Shares could decline and you may lose all or part of your* [**REDACTED**]. *You should seek professional advice from your relevant advisers regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into (i) risks relating to our general operations and industry; (ii) risks relating to intellectual property rights; (iii) risks relating to doing business in the jurisdictions where we operate; and (iv) risks relating to the [**REDACTED**]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

R&D efforts may fail to generate new products. Development of new veterinary biological products and drugs can be time-consuming and costly and we cannot guarantee successful regulatory approval. Delays in clinical trials or requirements for additional trials may affect our ability to launch products and generate revenue.

Our future success depends on the enhancement of our existing products and the development of new products in our R&D pipeline, including new products that we may develop and products that we are able to obtain through licensing arrangements with other parties or acquisition of production lines. We commit substantial effort, funds and other resources to R&D, both through our own dedicated resources and through collaborations with third parties but we may be unable to determine with accuracy when or whether any of our products that are under development will be approved or launched, or we may be unable to develop, obtain requisite license or otherwise acquire product candidates or products.

Development of new veterinary biological products and drugs could be complex, uncertain, time-consuming and costly. Whether we can be successful in developing new veterinary biological products and drugs depends on our ability to: (a) accurately assess new trends and prevalent diseases and anticipate market needs; (b) maintain strong R&D capabilities and retain adequate and experienced R&D personnel; (c) apply advanced technologies to develop and produce new veterinary biological products and drugs; (d) conduct and complete pre-clinical studies and clinical trials timely and cost-effectively under required procedures and standards; and (e) obtain all required approvals for preclinical studies, clinical trials and manufacturing activities.

Before our veterinary biological products and drugs can be commercially viable, they must meet regulatory requirements, including the obtaining of the Veterinary Drug Production License, Approval Number for Veterinary Drug Products, and other relevant permits as required by production and quality control regulations. Pre-clinical studies and clinical trials are required before regulatory approval of certain products. Regulators may deny authorisation to initiate trials, and outcomes are inherently uncertain. Multiple trials may be needed to demonstrate safety and efficacy. Failures can occur at any stage, and early positive results do not guarantee later success. Unexpected events occur during trials may delay or impede regulatory clearance or commercialisation.

We cannot assure that new veterinary biological products will be developed cost-effectively, on schedule, or successfully approved. Based on our historical experience and current R&D plans, we estimate that it generally takes approximately 7 years from the commencement of R&D to obtaining the relevant approval for a product enhancement. However, these estimates are inherently uncertain and subject to a number of variables outside our control. In addition, we cannot predict whether any products will be commercially successful or will achieve expected sales and revenue. Furthermore, changes in regulations applicable to the animal health industry may make the R&D progress less predictable and could thereby materially and adversely affect our operations and future commercial prospects.

We operate in a highly competitive industry which is subject to strict regulatory oversight and our failure to compete effectively could adversely affect our results of operations.

According to CIC, at present, there are over 1,500 veterinary drug manufacturers in China and the animal health industry faces intense competition.

Existing animal health companies are constantly challenged by potential new entrants, including research institutions and global animal health companies seeking to expand into the PRC market. This dynamic environment increases pressure on pricing, product innovation, and customer retention. Furthermore, consolidation among competitors and customers may reshape the market landscape, potentially eroding our market share if we fail to maintain competitiveness and our business, results of operations and financial condition could be materially and adversely affected.

In addition to competition, the animal health industry is undergoing a transformative phase driven by the PRC government's increasing emphasis on food safety. This heightened focus necessitates stricter regulatory oversight. Manufacturers of animal health products must comply with national and local regulations, including product registration and approval protocols in the PRC, and continuous post-marketing surveillance. Evolving regulatory compliance requirements, driven by stricter government oversight, are accelerating demand for precision-driven, high-efficacy, and traceable disease prevention solutions. Inability to keep up with evolving regulatory standards could place us at a competitive disadvantage and materially affect our business and operations.

Our financial conditions and results of operations may be negatively affected by mass mortalities due to epidemics relating to poultry, livestock, aquatic animals and pets or adverse shifts on consumers' perception towards products relating to these animals.

We primarily engage in the R&D, production and sales of animal health and ancillary products to achieve the prevention, diagnosis and treatment and control of diseases in poultry, livestock, aquatic animals and pets, and our business is closely linked to the development of the farming industry which are sensitive to the epidemics relating to the same. According to CIC, outbreaks of animal health epidemics may cause massive deaths of poultry or swine in a short period of time, and in turn may significantly impact the demand for veterinary biological products and drugs. For instance, outbreaks of African Swine Fever, a fatal disease for swines, can directly lead to a short-term decline in the scale of livestock farming. All swines would be disposed of in extreme cases. Avian influenza, (in particular H5N1 virus, H7N9 virus and H5N6 virus) is capable of killing millions of poultry and may, in some circumstances, be transmitted to humans, which could be fatal. At the same time, such epidemics may trigger food safety concerns among end consumers, and cause customers to lose confidence in the safety and quality, resulting in reduced consumption of related meat products. If there is a prolonged or recurrence of shortage of livestock as a result of food-borne diseases and other health epidemics, the sales and growth in market demand for our products may be adversely affected which may affect our financial conditions and results of operations.

The scaling and intensification of the poultry and livestock industry have posed new challenges to poultry and livestock farming industry. Large scale, intensive farming practices facilitate faster pathogen transmission, elevate risks of disease mutation, and foster the emergence of novel pathogens. According to CIC, these conditions, driven by ecological changes in modern agriculture, create evolutionary pressures that may enhance pathogen virulence and adaptability, enabling pathogens to spread across borders.

Technology obsolescence or the development of superior alternatives could adversely affect the demands for our products.

Technological breakthroughs by competitors or research institutions that do not collaborate with us may render our existing technologies obsolete or less desirable. For example, innovations in vaccine technologies may create superior or more targeted solutions for disease prevention and control for poultry, livestocks, aquatic animals and pets, thus reducing the credibility or efficacy of our current offerings. As a result, our business, results of operations and financial condition may be materially and adversely affected.

Our R&D relies on animal studies at the pre-clinical stage, and any restrictions or failure in such studies may hinder product development.

As an animal health company, the product innovation and iterative improvements are dependent on animal studies for comprehensive safety evaluations mandated by global health authorities. Animal studies in certain industries has been the subject of controversy and adverse publicity. According to CIC, organisations and individuals have attempted to ban animal studies, encourage alternative methods using animal cells, and advocate stricter regulations on animal studies. To the extent that the activities of such organisations and individuals are successful, our R&D, new product launches or existing products iterations will be impeded, which could materially and adversely affect our business, reputation, results of operations and prospects.

Sales we make to certain countries that are, or become subject to, sanctions administered by relevant sanctions authority or changes in international trade policies or measures, geopolitics, export control, and outbound investment restrictions and challenging macroeconomic landscapes across regional and global markets may affect our business, financial condition and results of operations.

Our revenue generated from overseas for FY2023, FY2024, FY2025 and 5M2026 was approximately RMB12.2 million, RMB28.3 million, RMB66.8 million and RMB42.4 million, through exporting of our products to overseas market. During the Track Record Period, our revenue generated overseas are mainly attributed from Pakistan, Egypt, Vietnam and Nigeria. As we established business presence in various countries and regions, our operations may be influenced by international trade policies and protection measures, geopolitics, export controls, economic or trade sanctions and outbound investment restrictions, which are subject to frequent changes beyond our control. Such changes may increase operational costs and limit our ability to export products or provide services overseas. Non-compliance could result in legal penalties, reputational damage, and loss of export privileges. Global market conditions, including liquidity, debt and equity volatility, interest rates, currency and commodity prices, investor sentiment, inflation, and access to capital, continue to influence the markets where we operate or sell to. Uncertainty over monetary and fiscal policies of major economies, as well as unrest in regions such as the Middle East, Europe, and Africa, may further impact global political and economic stability. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Challenging macroeconomic landscapes across regional and global markets may materially and adversely affect our business, results of operations and financial condition.

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries. The BIS maintains lists of individuals and entities subject to enhanced export control restrictions. One such list, the Entity List, includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organisations, individuals and other legal entities.

During the Track Record Period and up to the Latest Practicable Date, we had transactions with certain suppliers listed on the Entity List ("**Relevant Entities**") and we had sold our products to various non-sanctioned customers in Egypt, Iraq and Libya. As advised by our International Sanctions Legal Adviser, our Group's activities did not represent a violation of any of the applicable International Sanctions and U.S. export controls. For details, see "Business — Business Activities Subject to International Sanctions and U.S. Export Controls".

Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the European Union, the United Kingdom, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us.

If we fail to maintain existing customers and attract new customers, or fail to do so in a cost-effective manner, our business may be adversely affected.

Our future growth and revenue generation are highly dependent on our ability to expand customer base and penetrate new geographic or business segment. Acquisition in the animal health industry often requires long sales cycles, especially when dealing with large scale poultry and livestock farms or government procurement processes. Major factors that may affect our ability to attract, retain, and sell additional veterinary biological products and drugs to, our customers include: (a) demands for our products tailored to specific animal species, breeding scales or disease prevention needs; (b) pricing, cost effectiveness, safety and efficacy of our products and supporting technical services; (c) availability of competing products and services in the market; (d) bargaining power of our customers in veterinary biological products and drug procurement; (e) budget of our customers and the market conditions of the industries where our customers operate; and (f) macroeconomic environment.

Moreover, there is an increase on bargaining power of our customers on veterinary biological products and drug procurement and as such our customers may negotiate terms that are less advantageous to us, which may reduce our profitability. Factors that are not within our control may result in a reduction in our revenue or profitability.

Increased regulation relating to the raising, processing or consumption of food-producing animals could reduce demand for our products.

Companies in the poultry and livestock farming industry are subject to extensive and increasingly stringent regulations. They are required to obtain and maintain various licenses, permits, filings and approvals in order to operate the business. Should regulatory requirements regarding poultry and livestock farming industry be further tightened, the poultry and livestock farms may reduce farm animal sizes, scale back production cycles or become less profitable. As a result, they may reduce their use of our products, which may cause adverse effect to our operating results and financial condition.

We adopt our distribution network to sell our veterinary biological products and drugs, and the failure to manage our distributors effectively or misconduct of distributors may harm our business and reputation.

Our distributors play a role in expanding our geographic footprints and we involve distributors to promote, sell, and deliver our veterinary biological products and drugs to end users. For FY2023, FY2024, FY2025 and 5M2026, there were 568, 498, 374 and 321 distributors in our sales network, and distributor sales accounted for approximately 20.8%, 19.8%, 16.6% and 15.7% of our total revenue for the same periods, respectively. Their actions are outside of our direct control, which exposes us to several risks. Distributors may fail to meet their contractual obligations, including maintaining adequate stock levels, complying with local regulatory requirements, or adhering to our marketing and sales guidelines. If our distributors do not perform effectively or are unable to meet customer demands, this could result in lost sales opportunities, damage to our reputation, and weakened customer trust in us. Moreover, if distributors mismanage the products, fail to properly handle inventory, or engage in fraudulent activities, it may cause product defects or delays, further harming our reputation and relationships with end customers.

Additionally, operations involving distributorship model carries inherent risks. As our distributors operate as independent entities, they may face legal, financial, or operational challenges, including labour disputes, regulatory penalties, or environmental claims. These issues not only reduce their ability to distribute our products effectively but also increase their financial burden, limiting their ability or willingness to continue business relationships with us. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we were not aware of any material labour dispute involving our distributors. In extreme cases, such challenges may lead to disputes with the distributors, negatively impacting our operations, or result in termination of distribution agreements. The failure of any key distributor, or significant issues arising from their operations, may disrupt our market access, lead to revenue loss, and damage our brand image. We cannot guarantee that the provisions in the agreements that we enter into with our distributors to protect our interests will always be effectively enforced. Furthermore, we have limited recourse in cases where distributors fail to meet expectations, which may exacerbate the potential negative effects on our business.

We have limited or no control over the quality of the animal health products we act as a distributor. If such quality does not meet the required standards, we could be exposed to liabilities and our reputation, business, results of operations, financial condition and prospects could be adversely affected.

During the Track Record Period, we are the sale agent for two live vaccine products developed and manufactured by an Australian biotechnology company. We procure such animal health products from a supplier whom we do not have control over. We cannot assure you that all such supplies are authentic, free of defects and meet the relevant quality standards. If these supplies are subsequently found to have been defective at the time of the supply, we may be subject to liability claims, negative publicity, reputational damage, regulatory investigation or administrative sanction, any of which may adversely affect our results of operations and reputation. We cannot assure you that significant claims of such nature will not be asserted against us in the future, and that adverse verdicts will not be reached or that we will be able to recover losses from our supplier(s).

We expect to incur significant R&D costs and capital expenditures for our business operations and R&D plans, which may adversely affect our short-term cash flow, liquidity and profitability.

Our R&D expenses were approximately RMB69.0 million, RMB81.3 million, RMB95.7 million and RMB39.9 million for FY2023, FY2024, FY2025 and 5M2026, representing 7.0%, 8.3%, 8.0% and 7.9% of our total revenue for the same periods, respectively. See "Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — R&D Expenses". During the same periods, our capital expenditures were approximately RMB96.5 million, RMB39.3 million, RMB34.8 million and RMB17.4 million, respectively. See "Financial Information — Capital Expenditures". R&D efforts and production of our veterinary biological products and drugs are capital intensive. We expect to incur significant R&D and capital expenditures for developing new veterinary drug candidates, upgrading formulations, advancing animal health technologies, and expanding production and R&D facilities. While these investments aim to strengthen our market position, R&D activities carry inherent uncertainties, and results may not lead to successful commercialisation or regulatory approval. We may face resource constraints, delays, or failures at any stage, and returns may not be immediate, potentially affecting our business, financial condition, and competitiveness.

Significant capital outlays may also impact short-term cash flow and liquidity. Our business operations and the implementation of our strategies will require additional capital, including: (a) expand R&D for new indications and formulations of existing drugs; (b) increase efforts on combined and multivalent vaccines; (c) establish GMP-certified facilities to expand our production capabilities; (d) strengthen domestic sales and build a global commercialisation system; and (e) pursue potential acquisitions of businesses and product lines.

While we intend to explore alternative arrangements to reduce the capital intensity of any future expansion, there is no assurance such arrangements will be successful.

Investments, acquisitions and divestitures may affect our financial results. We may not be able to achieve our anticipated benefits and synergistic effects from such investments and acquisitions.

Our financial results could be adversely affected by our investments or acquisitions. We have in the past acquired or invested in assets, technologies or businesses that are complementary to our existing business. We expect to continue to evaluate and consider potential strategic transactions as part of our overall business strategy, including potential acquisitions of businesses, technologies, products and other assets, as well as strategic investments, joint ventures and alliances.

The investments and acquired assets or businesses may not generate the financial results we expect. They could result in occurrence of significant investments and impairment charges of goodwill, long-term assets and/or other intangible assets. There are inherent uncertainties relating to the factors in relation to the assessment of goodwill impairment that might adversely affect our business operation, or under circumstances where we might fail to sustain the growth as well as the gross profit margin we have estimated. In FY2025, we incurred impairment losses of RMB59.0 million recognised in respect of the goodwill and the property, plant and equipment and other intangible assets of Shandong Haili, primarily because the utilisation rate of Shandong Haili's production facilities did not meet expectation, driven by reduced orders amid an industry-wide slowdown from downstream sectors in the swine farming industry. See "Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other expenses." We cannot assure you that we will not recognise impairment charges in the future. If we need to recognise material impairment of goodwill, long-term assets and/or other intangible assets, our net profit in the corresponding period might be substantially affected. In addition, such impairment losses may be negatively affect our financial position and limit our ability to pursue financing activities, as it could weaken financial ratios.

We had net current liabilities as at 31 December 2023, 2024 and 2025.

We had net current liabilities of approximately RMB209.6 million, RMB149.5 million and RMB19.7 million as at 31 December 2023, 2024 and 2025 and net current assets of approximately RMB74.0 million as at 31 May 2026, respectively. For details, see "Financial Information — Net Current Liabilities".

A net current liability position can expose us to the risk of shortfalls in liquidity. This in turn would require us to undertake additional equity financing which could result in dilution of your equity interests, or to seek debt financing which may not be available on terms favourable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects. Going forward, we cannot guarantee that we will not continue to have a net current liabilities position, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain external financing. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties beyond our control, including general economic and capital market conditions, credit availability from lenders, necessary approvals from competent government authorities, investors' confidence in us, the performance of the animal health and related industry, and our operating and financial performance. We cannot assure you that future financing will be available in amounts or on terms acceptable to us, if at all. In the event that we continue to have net current liabilities, our working capital for business operations may be constrained and our business, financial condition and results of operations may be materially and adversely affected.

We are exposed to credit risk in relation to defaults from counterparties.

During the Track Record Period and up to the Latest Practicable Date, we had trade receivables primarily relating to our products sold and services provided to our customers and consisted of outstanding amounts receivables by us from our customers. We settle payments with certain customers of by-products on a monthly basis. Our Group's trading terms with our

customers are mainly on credit except for distributors, where payment in advance is normally required. Our bill receivables were mainly receipts from the sales to and services provided to customers. As at 31 December 2023, 2024, 2025 and 31 May 2026, our trade and bills receivables amounted to approximately RMB430.3 million, RMB421.2 million, RMB398.9 million and RMB454.6 million, respectively. Our trade and bill receivables turnover days were 145 days, 158 days, 125 days and 126 days for FY2023, FY2024, FY2025 and 5M2026, respectively. We cannot assure you that all of our counterparties are creditworthy and reputable and will not default on us in the future. There is limited financial or public information on many of our counterparties, and as a result, we are exposed to risks that our counterparties may fail to fulfil their obligations to us under our contracts.

We are exposed to risks of obsolete inventory which may adversely impact our cash flow and liquidity.

We are exposed to risk of inventory obsolescence. As at 31 December 2023, 2024, 2025 and 31 May 2026, we had inventories of (i) raw materials of approximately RMB64.4 million, RMB68.8 million, RMB46.6 million and RMB44.4 million; (ii) work in process of approximately RMB24.5 million, RMB22.1 million, RMB31.4 million and RMB27.9 million; and (iii) finished goods of approximately RMB76.0 million, RMB83.6 million, RMB97.9 million and RMB85.0 million, respectively. Our average inventory turnover days were recorded at approximately 107 days, 117 days, 106 days and 101 days for FY2023, FY2024, FY2025 and 5M2026, respectively. Our business is subject to customers' preferences and behavior which are beyond our control. Any increase in inventory may adversely affect our working capital. If we cannot manage our inventory level efficiently in the future, our liquidity and cash flow may be adversely affected. As our business expands, our inventory level increases, and our inventory obsolescence risk may also increase along with the increased purchase of inventories. Furthermore, any unexpected and adverse changes to the optimal storage conditions at our warehouse may expedite the deterioration of our inventories which may in turn increase our inventory obsolescence risk. Therefore, any unexpected change in the economic condition or degree of economic activities of our customers may render our inventory obsolete. Such unexpected change in the demand for our products may result in over-stocked inventories which may lead to decline in inventory values, and significant write-offs. All these factors may in turn adversely affect our business, financial condition, and results of operations.

We experience seasonal fluctuations in our business.

In line with the industry norm, our business is subject to inherent seasonality, primarily driven by the production cycles of the downstream customers in the farming industry. Demand for our veterinary biological products and drugs typically fluctuates based on the breeding, growing, and harvesting cycles of animals, which are often concentrated in specific periods of the year. For example, livestock producers tend to increase vaccine purchases and related veterinary inputs ahead of peak breeding or fattening seasons to prevent disease outbreaks and enhance survival rates. The degree of seasonality may vary due to market conditions and other factors, including changes in weather patterns, disease outbreaks, shifts in market demand, or regulatory interventions affecting animal movement and there is no assurance that our customers' purchases and delivery will be consistent with our expectations over each season. Accordingly, our results of operations may vary from season to season. If we cannot effectively plan our production and delivery schedules and secure customers' purchases, our business, results of operations and financial condition may be adversely affected.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition and prospects.

During the Track Record Period and up to the Latest Practicable Date, government grants received by us primarily represent government grants received from the PRC local government authorities to support the Group's R&D activities and local business enterprises for the purpose of encouraging business development. For FY2023, FY2024, FY2025 and 5M2026, the government grants we recognised as other income amounted to approximately RMB9.2 million, RMB28.7 million, RMB11.9 million and RMB5.0 million, respectively. In addition, a

number of our subsidiaries also enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For example, Beijing Sinder and Sichuan Huaxi Animal Pharmaceutical Co., Ltd.* (四川華西動物藥業有限公司), a wholly-owned subsidiary of our Company, are qualified for lower EIT rates of 15%, instead of the statutory EIT rate of 25%, as High and New Technology Enterprises (高新技術企業). Continued eligibility to such preferential tax treatments is subject to review and evaluation by the relevant government authorities in China. For more details of the preferential tax treatments, see Note 10 to the Accountants' Report in Appendix I to this document.

The PRC government authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition. Furthermore, in the ordinary course of business, we are subject to complex income tax and other tax regulations, and significant judgement is required in the determination of a provision for income taxes. As such, the PRC tax authorities may successfully challenge our position and may require us to pay taxes, interest on such taxes, and/or penalties in excess of our tax provisions.

We are subject to various risks relating to Third-Party Payments.

During the Track Record Period, certain of our customers settled payments with us through Third-Party Payment Arrangements. For FY2023, FY2024, FY2025 and 5M2026, the aggregate amount of Third-Party Payments we received from Third-Party Payers was approximately RMB157.4 million, RMB123.9 million, RMB110.0 million and RMB25.0 million, which respectively accounted for 16.0%, 12.6%, 9.2% and 4.9% of our Group's total revenue for the corresponding year/period. As at the Latest Practicable Date, we have already adopted stringent internal control to prevent third-Party payment arrangements, however we cannot assure you that such internal control are absolutely 100% effective in detecting and prevent all such payment arrangements. For further information, see "Business — Third-Party Payment Arrangements."

We are subject to various risks relating to such Third-party Payment Arrangements, including possible claims from third-party payers and liquidators of third-party payers if we have not entered into contractual relations with such payers and the relevant customers. In the event of any claims from third-party payers or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we may have to expend financial and managerial resources to defend against such claims and legal proceedings, and our results of operations and financial condition may as a result be adversely affected.

We depend on our suppliers for essential veterinary materials. Fluctuations in the prices of raw materials may increase our costs and impact our margins.

Purchases from our five largest suppliers in each year/period during the Track Record Period accounted for approximately 27.5%, 32.8%, 32.5% and 31.0% of our total purchase amount, respectively. The timely, cost-effective and quality-compliant supply of essential key inputs, including veterinary bioactive ingredients and sterile excipients, is critical to our production and after-sales services. Maintaining strong relationships with our suppliers is essential to ensure prompt and cost-efficient deliveries, while also preserving our competitiveness and negotiating leverage relative to our peers. Failure to maintain reliable relationships with our suppliers could result in losing access to critical veterinary-grade inputs, disrupting our manufacturing processes and hindering timely product deliveries to customers. Furthermore, weakened relationships with suppliers may lead to higher prices, as suppliers may place less emphasis on securing cost-effective procurement for us. This could increase our cost of sales and reduce our profit margins.

Fluctuations in the prices of these raw materials and chemicals, whether due to changes in global supply and demand, geopolitical factors, or fluctuations in commodity prices, could lead to increased production costs. If we cannot pass these costs to customers, our financial

performance may be adversely impacted. Prices for supplies can be influenced by factors beyond our control, such as regulatory developments and economic conditions. Any unfavourable changes in our relationships or the terms of our agreements with major suppliers could significantly affect our financial condition and business prospects. In addition, disruptions in the supply of key raw materials or chemicals, such as shortages, delays in delivery, or quality issues, could result in production delays, inventory shortages, and supply chain inefficiencies. These disruptions could lead to operational challenges, delayed product launches, and even reputational damage if our products are not delivered on time or meet expected standards.

Any unexpected disruption to our production facilities could materially and adversely affect our business, results of operations and financial condition.

Our ability to meet customer demand and grow depends on efficient, uninterrupted production and reliable utility supply. As at the Latest Practicable Date, our core production operations are primarily conducted in Shandong province and Beijing. For details, See "Business — Production — Manufacturing Facilities." During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruption to our production facilities.

Timely manufacturing and delivery are critical in the competitive animal health industry. Any disruption could delay product launches, reduce revenue, erode customer confidence, and lead to inventory shortages. Interruptions in supply may drive our clients to seek alternative sources, harming our brand and market share. In the event of natural disasters or other events that limit or disrupt our ability to operate our production facilities, we may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses, exceeding our insurance coverage to repair or replace any damaged equipment or facility. In addition, our ability to manufacture and supply animal health products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, results of operations and financial condition.

Our animal health products involve biological products that are highly sensitive to contamination and require strict product controls and quality management throughout the entire manufacturing cycle, and may be subject to unanticipated safety or efficacy concerns.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product contamination. Production of animal health products involves biological materials prone to variability and contamination, subject to strict regulatory oversight in the PRC. Issues such as equipment malfunction, human error, raw material problems, or regulatory non-compliance may lead to discarded batches, shortages, higher costs, and recalls. Such issues could lead to product recalls, customer loss, legal disputes, and reputational damage. Undetected defects may cause animal illness, customer dissatisfaction, or liability exposure, adversely affecting our revenue and profitability. PRC laws impose strict quality and safety standards, with violations potentially resulting in fines, compensation, suspension, shutdowns, or confiscation of products.

Our products are used in disease prevention and control of poultry, livestock, aquatic animals and pets, and their quality directly impacts epidemic control, animal health and welfare, and farmers' economic returns. Failure to meet standards could cause ineffective treatment, disease transmission, immune side effects, or animal deaths, harming our brand and market position. In addition, we may face product liability claims if products cause injury or are deemed unsuitable. Without adequate insurance coverage at an acceptable cost or otherwise protect us against such claims, liabilities could exceed our assets, materially affecting our business, financial condition, and results of operations. Unforeseen safety or efficacy concerns may arise post-market due to rare reactions, compatibility risks, or environmental factors. Such issues could trigger recalls, liability claims, reputational damage, and customer loss. In a

trust-driven industry, even isolated incidents may undermine confidence across our product range, eroding market share and profitability. Addressing these risks may require costly investigations, corrective measures, or manufacturing changes, diverting resources from growth initiatives.

If we fail to establish and maintain an effective cold-chain logistics system tailored to veterinary biological products, our veterinary biological products may be damaged, leading to loss of reputation and revenue.

Veterinary biological products are sensitive in nature. Even slight changes in temperature and lighting conditions can compromise their potency, as their biological activity depends on strict environmental controls. To maintain quality and potency, our veterinary biological products must be stored in strictly controlled environments through cold-chain logistics providers that meet veterinary-specific standards. *The Measures for the Administration of the Operation of Veterinary Biological Products (《獸用生物製品經營管理辦法》)* requires cold-chain transportation and storage in the entire delivery process of veterinary biological products in order to ensure constant monitoring and control of temperature, with a tracking system implemented to keep proper records of the temperature of veterinary biological products during transportation and storage. If we or third parties logistics partners fail to strictly adhere to any of the requirements when transporting our products through cold-chain, our vaccine products may be exposed to inappropriate temperatures or other improper storage conditions and subject to potency diminishment or even potency loss. In this case, all veterinary biological products that are transported in the same batch are subject to quality damage and may need to be destroyed. As a result, our reputation and business may be materially and adversely affected.

Damage to our brand image could have a material adverse effect on our growth strategy, financial condition, and results of operations.

We believe that maintaining and enhancing our brand and reputation is important to the success of our business. A well-recognised brand image is important to enhancing our attractiveness to our customers. Our ability to maintain our brand depends largely on our ability to maintain customer confidence in our product and service offerings, maintain our market leadership and differentiating our offerings from those of our competitors. If customers do not have satisfactory experience with our products or services, our customers may seek alternatives from our competitors and may not remain with us in the future. These efforts require substantial expenditures, which may further increase along with our expansion in new markets and the intensification of market competition. Furthermore, investments in brand promotion may not yield increased revenue to cover the incurred promotion expenses or at all.

In addition, adverse publicity, with or without merits, relating to activities attributed to us, our management, directors, employees, shareholders, business partners or their affiliates, industry, may tarnish our reputation and reduce our brand value. For instance, unfounded and adversarial statements or opinions could be misleading and harm our business and reputation. Given the delicate and complex nature of the industry where we operate, we are vulnerable to such statements or opinions. If we fail to protect our reputation and respond to such statements or opinions in a proper manner, our reputation, demand for our offerings, results of operations and financial condition may be adversely affected. We may spend additional resources to rebuild our reputation and restore the value of our brand.

If we encounter legal or regulatory proceedings, our business, financial condition, and results of operations may be materially and adversely affected.

We may be involved in legal and other disputes in the ordinary courses of our business, including allegations against us for potential infringement of third-party intellectual property rights, as well as customer complaints in relation to the quality of our products and services, other dissatisfaction and commercial disputes. We might also be involved in governmental investigations by veterinary drug administrations, which may examine aspects of our operations. Save as disclosed in the section headed "Business — Legal Proceedings and Compliance", during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material commercial dispute, litigation or other legal proceeding. Any such claims or investigations against us, with or without merit, could be time-consuming and

costly to defend or litigate, divert our management's attention and resources or harm our brand equity. If a lawsuit or governmental proceeding against us is successful, we may be required to pay substantial damages or fines. We may also lose, or be limited in, the rights to offer some of our products and services or be required to make changes to our product offerings or business model. As a result, the scope of product and service offerings could be reduced, which could adversely affect our ability to attract new customers, harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

Failure to attract, retain and motivate qualified personnel in key operational roles may materially impair our business, results of operations and financial condition.

Hiring and retaining qualified personnel in key operational roles, such as management, and veterinary scientists or specialists, are critical to our business, in particular, to the R&D and commercialisation of our veterinary drugs. The competition for highly skilled employees is increasingly intense in the industry as peers also seek professionals with hands-on experience in veterinary biological product development, post-market safety monitoring of veterinary drugs, and client-facing livestock farm technical services. Changes in our management team would disrupt our business. Our management and senior leadership team has significant industry experience, and their knowledge and relationships would be difficult to replace. See "Directors, Supervisors and Senior Management." Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified personnel. If one or more of our senior management and other key personnel join a competitor, or form a competing business, our business, financial condition and results of operations may be adversely affected.

In addition, changes in the interpretation and application of laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See "Regulatory Overview — Regulations Related to Employment and Social Welfare" for details.

Failure to comply with relevant regulatory requirements relating to the social insurance and housing provident fund contributions for and on behalf of our employees may subject us to penalties and have an adverse impact on our financial conditions and results of operations.

Companies operating in the PRC are required to participate in various employee benefit plans, including social insurance fund and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund with respect to certain of our employees, as required by the relevant PRC laws and regulations. The aggregate shortfall amounts of the social insurance and housing provident fund contributions to our employees for FY2023, FY2024, FY2025 and 5M2026 were approximately RMB18.6 million, RMB20.3 million, RMB22.2 million and RMB6.4 million, respectively. As a result, we may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations. For details, please see "Business — Legal Proceedings and Compliance — Non-compliance in relation to social insurance and housing provident fund contributions."

We cannot assure you that we will not be subject to any order to rectify the non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under national laws and regulations. We may incur additional expenses to comply with such laws and regulations promulgated by the PRC government or relevant local authorities.

We have not obtained title certificates for some of our properties and some of our lessors lack title certificates for properties leased to us, which could materially and adversely affect our right to use such properties.

We have a number of title defects relating to properties that we own, use or lease. As advised by our PRC Legal Adviser, we may be subject to demolition and administrative penalties of up to 12% of the total construction cost of the owned properties with title defects, and fines ranging from RMB100 to RMB1,000 per square metre in respect of the leased land occupied by us that have title defects. For details, see "Business — Land and Properties". As a result, we cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to the properties owned, used or leased by us for which we or the relevant lessors do not hold valid title certificates. Furthermore, we may be subject to fines and penalties imposed by government authorities with respect to certain title defects. If any of such properties were successfully challenged, we may be forced to relocate our operations on the affected properties. Certain of our operational activities are located on the affected properties, and we may be forced to cease these activities in the event we face challenges in relation to our properties. If we fail to find suitable replacement properties on terms acceptable to us for the affected operations, or if we are subject to any material liability resulting from third-party challenges for our ownership usage or lease of properties for which we or our lessors do not hold valid titles, our business, financial condition and results of operations may be materially and adversely affected.

Failure to renew our current leases on reasonable terms or to relocate to desirable alternatives for our facilities could materially and adversely affect our business and results of operations.

As we lease properties in various places as premises primarily for our office and production facilities, our operations are susceptible to fluctuations in the property rental market. Before the expiry of each of our leases, we have to negotiate the terms of renewal with respective lessors. We may not be able to successfully extend or renew our leases upon expiration of the current term on commercially reasonable terms, or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and production and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations.

In addition, we compete with other businesses for premises at certain locations or of desirable sizes. Rental payments may significantly increase as a result of the high demands for the leased properties. We may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our affected operations could adversely affect our business and operations.

We deal with potentially harmful biological and hazardous materials, which may cause environmental contamination or injuries.

Our manufacturing operations and R&D activities involve the controlled use of potentially harmful biological materials and other hazardous materials. In particular, the risk of accidental contamination to the environment or injury to our employees or others from the use, manufacture, storage, handling or disposal of these materials may not be completely eliminated. For example, the virus and bacteria used for our production and examination of vaccines, if leaked, may pose risks on the environment or public health. In the event of contamination or injury, we could be held liable for any resulting damages, which could exceed any applicable insurance coverage we may have. Furthermore, governmental agencies could initiate investigations against us, which may result in fines, sanctions, revocations of operating permits, suspension of our operations, closure of our facilities or other penalties. Our reputation may be harmed as well. Laws and regulations regarding handling of harmful biological materials and other hazardous materials, or more stringent environmental regulations that may be adopted in the future, may mandate additional protective and other measures against potential contamination or injury caused by these materials, compliance with which could be costly, and our financial condition may be affected as a result.

Our insurance coverage may be inadequate to cover all significant risk exposures.

We maintain insurance policies in compliance with the legal requirements of China where we conduct business operations as well as other insurance policies based on our assessment of our operational needs and industry practice. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any product liability claim, material damage to our fixed assets or material employee injury. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. It may also be difficult for us to find insurance coverage for some of our business activities such as credit insurance for our overseas business operations or business interruption of environmental contamination. Any uninsured risks may result in substantial costs and the diversion of resources, which could adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO INTELLECTUAL PROPERTY RIGHTS

We may not be able to obtain or maintain adequate intellectual property rights protection for our products and we may become involved in expensive, time-consuming and unsuccessful lawsuits to protect or enforce our intellectual property rights.

Our success depends largely on our ability to protect our proprietary technologies from competition by obtaining, maintaining and enforcing our intellectual property rights. As at the Latest Practicable Date, we had 222 registered patents, 47 patent applications pending approval, 430 trademarks, and 57 copyrights in the PRC. For details, see "Business — Intellectual Property."

We may fail to identify patentable aspects of our R&D outputs or file applications in time, limiting our ability to secure protection and prevent competitors from developing similar products. The patent process is costly and time-consuming and patents may be rejected or invalidated due to prior deficiencies or competing technologies, and even granted patents may offer limited protection. Competitors may circumvent our patents by modifying vaccine strains, adjusting formulations, or developing alternative structures, and may conduct R&D in jurisdictions where we lack coverage. Further, the life of a patent and the protection it affords are limited. Patent grants do not guarantee scope, validity, or enforceability, and our intellectual property may be challenged in the PRC or other jurisdictions. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and competitive position.

Competitors may infringe or misappropriate our intellectual property, including drug formulas, production processes, strain technologies, or detection methods. Challenges before courts or patent offices would also revoke or weaken our protections, leaving our products exposed. Enforcing our rights through litigation or administrative proceedings can be costly, time-consuming, and divert management attention, while exposing us to counterclaims and the risk that confidential information is disclosed through discovery. We may lack sufficient resources to pursue such claims and third parties may also raise similar claims before the CNIPA or similar authorities in other jurisdictions, even outside the context of litigation. Even if we prevail, litigation costs and diversion of our resources could materially affecting our business, financial condition, and operations.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling products or services involved.

Our competitors in the animal health companies, including sizable enterprises and research institutions, maintain broad intellectual property portfolios covering active ingredients, formulations, processes, strain technologies and clinical methods. If third parties allege infringement of patents, trade secrets, or trademarks, we could face legal liabilities, financial penalties, and operational restrictions. We may be unaware of registrations or applications that could give rise to claims, or face allegations relating to licensed technologies.

Determinations relating to whether intellectual property rights infringement often involve complex, uncertain legal and factual issues. Our efforts to avoid infringement may not always succeed, and claims, regardless of merit, could be costly, time-consuming, and disruptive. They may result in damages, restrictions on R&D or marketing, product redesigns, licensing obligations, management distraction, or customer loss.

In addition, new patents, copyrights or other intellectual property rights obtained by our competitors could threaten our existing offerings. We cannot be certain that our operations do not or will not infringe upon or otherwise violate intellectual property rights held by third parties.

We may not be able to protect our intellectual property rights globally, and changes in patent and copyright laws and their interpretations could diminish the value of our rights in general.

Filing, prosecuting and defending intellectual property rights globally with different legal and regulatory requirements can be expensive and time-consuming. Due to resource constraints, we may not obtain comprehensive intellectual property protection in all targeted overseas jurisdictions and competitors could exploit this gap to use our technologies in jurisdictions where we have not obtained protection to develop their own products, eroding our potential overseas market share.

The legal systems of many overseas jurisdictions do not favour enforcement of intellectual property rights, which could make it difficult for us to stop the infringement in such countries and regions could put our patents at risk of being invalidated or interpreted narrowly. Our efforts to enforce our intellectual property rights globally may be inadequate to obtain a significant commercial advantage from the intellectual properties that we develop.

Moreover, the scope of patent and software protection of veterinary drugs in various jurisdictions is inherently uncertain due to the industry's technical particularities and regional regulatory differences. Changes in the patent and copyright laws or their interpretation in the PRC or other jurisdictions may diminish our ability to obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow their scope. We cannot predict whether our patent applications will be granted as patents in any particular jurisdiction or whether any future granted patents will provide sufficient protection. The coverage claimed in a patent application can be significantly reduced before the patent is granted, and its scope can be reinterpreted after such grant.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that we or our business partners have wrongfully used or disclosed trade secrets allegedly owned by others.

In addition to patents, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. There is no guarantee that an employee or a third party will not make an unauthorised use or disclosure of our confidential information intentionally or inadvertently. It is possible that a competitor will gain access to, and make use of, such information, and our competitive position will be compromised. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our trade secrets may otherwise be misappropriated and enforcing a claim of misappropriations is expensive and time-consuming, and unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and R&D personnel.

We rely on third-party collaborators and licensors. If they fail to perform their obligations, our operations and development activities may be adversely impacted.

Veterinary drug development is inherently complex, involving specialised processes such as biological strain cultivation, animal-specific preclinical research, species-targeted clinical trials, and strict compliance with regulatory requirement. As such, our core business depends on arrangements with veterinary research institutes, corporate and academic collaborators, and others partners for the research, development, clinical trials, technology rights, manufacturing, marketing and commercialisation of our products. We have various research collaborations and outsource other business functions. Our license agreements could obligate us to diligently bring potential products to market, make substantial milestone payments and royalties and incur the costs of filing and prosecuting patent applications. There are no assurances that we will be able to establish or maintain such critical collaborations on favourable terms, or at all. We could enter into collaborative arrangements for the development of particular products that may lead to our relinquishing some or all rights to the related technology or products. Our dependence on collaborative agreements with third parties exposes us to multiple risks, including: (a) a collaborative partner may terminate or suspend its agreement or arrangement with us; (b) delays caused by partners; (c) failure of partners to timely develop or manufacture substance needed in order to conduct clinical trials; (d) inadequate performance of animal clinical trials by partners; (e) a partner's decision to abandon the development, manufacturing or commercialisation of a veterinary candidate to which we have rights; and (f) other breaches of contractual obligations.

In addition, our collaborative partners could pursue other technologies or develop alternative products that could compete with the products we are developing. Such competition could erode our potential market share, diminish the commercial value of our collaborative projects, and adversely impact our business prospects.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

[REDACTED] of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Individual holders of H Shares who are not residents of Mainland China and whose names appear on the register of members of H Shares (the "**Non-PRC Resident Individual Holders**"), are subject to PRC individual income tax on dividends received from us. Pursuant to the *Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045* (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) dated 28 June 2011 and issued by the STA, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. Meanwhile, under the IIT Law and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realised upon the sale or other disposition of H Shares.

However, pursuant to the *Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the MOF and the STA on 30 March 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Any collection of such tax in the future may materially and adversely affect the value of such individual holders' investments in H Shares.

Under the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法》) (the "**EIT Law**") and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the

disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the *Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in the PRC to Non-resident Enterprises Holding H-shares of the Enterprises* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the STA on 6 November 2008, we intend to withhold tax at 10% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the approval from the PRC tax authorities. There is room for discretion as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially and adversely affected.

We could be subject to changes in our tax rates, the adoption of new domestic or overseas tax legislations or exposure to additional tax liabilities.

To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment and legal framework can vary significantly across jurisdictions and that regulations regarding various taxes, including but not limited to corporate income tax and import duties, are highly complex, our overseas operations and expansion may expose us to risks associated with overseas tax laws, regulations and policies.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our results of operations, financial condition and cash flows could be adversely affected.

Government's regulations on foreign currency conversion may affect our foreign exchange transactions and fluctuations in exchange rates could result in foreign currency exchange losses.

We expect that substantially all of our revenue will be denominated in Renminbi. A portion of our revenue may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under the existing PRC laws and regulations on foreign exchange, following the completion of the [**REDACTED**], we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from the SAFE. However, in the future, the PRC government may take measures to regulate access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to the holders of our H Shares.

Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are affected by, among other things, the changes in domestic and international political, economic conditions and monetary policies. The [**REDACTED**] from

the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the Renminbi denominated value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. There can be no assurance that our business, financial condition and results of operations would not be adversely affected by the fluctuation in exchange rates in the future.

Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

You may experience difficulties in effecting service of the legal process upon us and our management and seeking recognition and enforcement of judgements against them across jurisdictions.

The legal systems across different jurisdictions vary significantly. Therefore, the effecting service of legal process and the process of recognising and enforcing any judgements may be different across jurisdictions and are subject to treaties or arrangements providing for the recognition and enforcement of judgements made by courts of other jurisdictions. As a result, investors may experience difficulties to effect service of process and/or recognise and enforce any judgements for disputes brought in other jurisdictions.

We are a company incorporated under the laws of the PRC, and substantially all of our assets are located in the PRC. Almost all of our Directors, Supervisors and senior management reside within the PRC, and the assets of our Directors, Supervisors and senior management are likely to be located within China. As a result, it may be difficult for you to effect service of process within Hong Kong, the United States or elsewhere outside the PRC upon us or these persons, or to bring an action in Hong Kong against us or these individuals. Moreover, the PRC has not entered into treaties with certain other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

An original action may only be brought in the PRC against us or our Directors, Supervisors and senior management if the actions are not required to be arbitrated by the PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the civil procedure laws in the PRC. As a result of the conditions set forth in such laws and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether investors will be able to bring an original action in the PRC in this manner.

We are subject to regulatory requirements in overseas markets, and any changes or non-compliance may adversely affect our international operations.

A small portion of our revenue is derived from overseas markets, particularly countries including Pakistan, Egypt, Nigeria, and Vietnam, among others countries that we have sales network. The importation, distribution, and use of veterinary drugs in these jurisdictions are subject to local regulatory approvals, registration requirements, quality inspections, and import permits, which may vary significantly across jurisdictions and be subject to frequent changes.

To export our products, we must comply with the veterinary drug regulatory regimes of these countries, which may include requirements relating to product efficacy, safety, labelling, packaging, documentation, and clinical trials. Any delay or failure in meeting these requirements, or changes in regulatory standards, review processes, or enforcement practices, could lead to the rejection of shipments, loss of market access, or even product recalls.

Moreover, regulatory authorities in these countries may impose new or more stringent import restrictions, ban certain ingredients or production methods, or adjust registration standards due to political, economic, or public health considerations. Such changes could significantly affect our ability to maintain its market presence, especially in key export

destinations. Non-compliance with or failure to adapt to regulatory requirements in overseas markets may result in reputational damage, fines, or product bans, which could materially and adversely affect our international business, financial performance, and growth prospects.

RISKS RELATING TO THE [REDACTED]

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

No [**REDACTED**] currently exists for our H Shares. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of our H Shares following the [**REDACTED**].

We have applied to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of our H Shares will not decline following the [**REDACTED**].

In addition, the [**REDACTED**] price and [**REDACTED**] volume of our H Shares may be subject to significant volatility on account of various factors beyond our control, including: (a) developments in the global and PRC animal health markets; (b) developments in laws and regulations in regions where we operate; (c) political, economic, financial and social developments in regions where we operate and in the global economy; (d) investors' perception of us and of the investment environment in regions where we operate; (e) variations in our operating results; (f) unexpected business interruptions resulting from natural disasters or outbreaks of contagious diseases; (g) additions to or departures of, our executive officers and other members of our senior management; (h) changes in financial estimates by securities analysts; (i) announcements made by us or our competitors; (j) changes in pricing made by us or our competitors; (k) acquisitions by us or our competitors; (l) the depth and liquidity of the market for our H Shares; and (m) release or expiry of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of H Shares by us or other Shareholders.

Moreover, the capital market has ever and again experienced significant price and trading volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. It is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, [**REDACTED**] in our H Shares may suffer substantial losses.

Any possible conversion of [REDACTED] Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the [REDACTED] of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our [**REDACTED**] may be converted into H Shares and such converted H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes have been duly completed and the filing with the CSRC has been duly completed.

In addition, such conversion, [**REDACTED**] and [**REDACTED**] must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our [**REDACTED**] on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the [**REDACTED**]. This could cause an increase in the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] price of H Shares.

Future sales or perceived sales of substantial amounts of our securities in the [REDACTED], including any future [REDACTED] in the PRC, could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur could all cause a decline in the [**REDACTED**] of our H Shares. Future sales, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future offerings, could also materially and adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate.

Should the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share, subject to pricing, immediately prior to the [REDACTED], [REDACTED] of our H Shares in the [REDACTED] may experience an immediate dilution.

As the [**REDACTED**] of our H Shares may be higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets. Our existing Shareholders may receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per Share of their H Shares. In addition, [**REDACTED**] of our H Shares may experience further dilution of their shareholdings if we issue additional H Shares pursuant to the exercise of the [**REDACTED**].

To expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional H Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible assets value per Share of their H Shares if we issue additional H Shares in the future at a price which is lower than the net tangible assets value per Share at that time.

We may not pay any dividends on our H Shares.

We cannot guarantee when and in what form dividends will be paid on our H Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, general business conditions and other factors that our Directors consider relevant. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future. See "Financial Information — Dividend and Dividend Policy."

Certain facts, forecasts and statistics contained in this document are derived from various official or third-party sources and may not be accurate, complete, or up to date. Information from official government sources has not been independently verified by us or any other parties involved in the [REDACTED].

We have derived certain facts and other statistics in this document, particularly the section headed "Industry Overview," from information provided by the PRC government, industry associations, independent research institutes and other third-party sources we generally believe to be reliable, as well as a report prepared by CIC that we commissioned. The information from official government sources has not been prepared or independently verified by us, the Sole Sponsor, the [**REDACTED**] or any other parties involved in the [**REDACTED**], or any of our or their respective directors, senior management, representatives, advisors or any other persons involved in the [**REDACTED**]. Therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics from official government sources, which may not be consistent with other information compiled from other sources.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other factors beyond our control, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure

you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics from official government sources.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our competitive positions, business strategies, operating efficiencies, and future growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters.

The words "potential," "continue," "expect," "believe," "intend," "may," "plan," "seek," "anticipate," "going forward," "project," "could," "may," "ought to," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business forecasts and prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgement of our Directors, Supervisors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Therefore, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information in this document.

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

If securities or industry analysts do not publish research or reports about us or our business, or if they adversely change their recommendations, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [**REDACTED**] for our H Shares will be influenced by research or reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [**REDACTED**] for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause a decline in the [**REDACTED**] or [**REDACTED**] of our H Shares.

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

We strongly caution you to read the entire document carefully, instead of relying on any information contained in press articles or other media regarding us or the [**REDACTED**]. Prior to the publication of this document, there may have been and there may also be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operational and financial information as well as projections, valuations and other information. No representation as to the appropriateness, accuracy, reliability or completeness of any such information or publication has been made by us, and we have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

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

In preparation for the [**REDACTED**], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Mr. DONG Tao (董濤) and Ms. CHIANG Hiu Hung (江曉紅) ("**Ms. Chiang**") as our authorised representatives (the "**Authorised Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorised Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorised Representatives will be readily contactable by phone, facsimile (if applicable) and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorised Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the Authorised Representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the Authorised Representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Zhongtai International Capital Limited as our compliance adviser upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. Our compliance adviser will serve as the additional channel of communication with the Stock Exchange when the Authorised Representatives are not available and will have access at all times to the Authorised Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules. The contact details of the Compliance Adviser has been provided to the Hong Kong Stock Exchange and our Company will inform the Hong Kong Stock Exchange promptly in respect of any change in the Compliance Adviser; and

(e) meetings between the Stock Exchange and our Directors can be arranged through the Authorised Representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

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

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

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (a) whether the issuer has principal business activities primarily outside Hong Kong; (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and (c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. ZHENG Shuwen (鄭舒文) ("**Ms. Zheng**"), our vice president and secretary to our Board, as one of our joint company secretaries. She has considerable experience in administrative management but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfil the requirements of the Listing Rules. Therefore, we have appointed Ms. Chiang, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Zheng for an initial period of three years from the [**REDACTED**] to enable Ms. Zheng to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

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

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

Before the expiration of the initial three-year period, the qualifications of Ms. Zheng will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess whether Ms. Zheng, having benefited from the assistance of Ms. Chiang for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary. For biographical information of Ms. Chiang and Ms. Zheng, please refer to the section headed "Directors, Supervisors and Senior Management" in this document.

[**REDACTED**]

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

[**REDACTED**]

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

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. LI Zhaoyang (李朝陽)	Room 1501, Unit 2, Building 5 No. 177 Xianggang East Road Laoshan District Qingdao City, Shandong PRC	Chinese
Mr. DONG Tao (董濤)	Room 201, Unit 2, Building 33 No. 518 Huishui Road Licang District, Qingdao PRC	Chinese
Mr. LOU Zongliang (婁宗亮)	Room 102, Unit 1, Building 82 Phase II, Dayuan Fengxiang Town 737 Huanhu East Road Zhucheng City, Shandong PRC	Chinese
Mr. SONG Chengchao (宋誠超)	Room 3101, Unit 1, Building 7 101 Shenzhen Road Laoshan District Qingdao City, Shandong PRC	Chinese
Non-executive Directors		
Mr. SHAN Yong (單勇)	Room 201, Unit 2, Building 13 Zhongshan Haifeng Garden No. 2 Haiqing Road Laoshan District Qingdao City, Shandong PRC	Chinese
Mr. SHIBATA Yosuke (柴田洋輔)	Room 1606, 1-8-20 Higashi-Kanagawa Yokohama City Kanagawa Prefecture Japan	Japanese

Independent non-executive Directors

Name	Address	Nationality
Mr. TANG Waiyau (鄧維祐)	Flat R, 5/F, Block 5 Braemar Terrace 1 Braemar Terrace North Point Hong Kong	Chinese (Hong Kong)
Ms. LI Yuanyuan (李瑗瑗)	Unit 201, Building 6 Renheng Garden No. 555 Jijing Road Pudong New District Shanghai PRC	Chinese
Mr. MA Xingyuan (馬興元)	Unit 602, Building 52 Huali Garden 130 Meilong Road Xuhui District Shanghai PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. QIAO Yanliang (喬彥良)	Room 302, Unit 1, Building 2 No. 34-3, Wenhua East Road Lixia District, Jinan City Shandong PRC	Chinese
Mr. LIU Chunguo (劉春國)	Room 1102, Unit 1, Building 7 Vanke Eco-City Lanting 183 Jinshui Road Licang District Qingdao City Shandong PRC	Chinese
Ms. XU Li (徐麗)	Room 202, Unit 3, Building 7 Xinhui Huating Zhucheng City Shandong PRC	Chinese

For the biographies and further details with respect to our Directors and Supervisors, please refer to the section headed "Directors, Supervisors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**Zhongtai International Capital Limited** 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central, Hong Kong

[**REDACTED**]

Legal Advisers to our Company	*As to Hong Kong laws:* **Howse Williams** 27/F, Alexandra House 18 Chater Road Central Hong Kong *As to PRC laws:* **King & Wood** 18th Floor, East Tower World Financial Centre 1 Dongsanhuan Zhonglu Chaoyang District, Beijing PRC *As to International Sanction laws:* **Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP)** 11th Floor, One Pacific Place 88 Queensway Hong Kong
Legal Advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong laws:* **Jia Yuan Law Office** Suites 3502-3503, 35/F One Exchange Square 8 Connaught Place Hong Kong

	As to PRC laws: **Jia Yuan Law Offices** 45F, Media Finance Centre Pengcheng 1st Road Futian District Shenzhen, Guangdong PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants and Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10th Floor, B Block Jingan International Business Centre 88 Puji Road, Jingan Shanghai PRC
Compliance Adviser	**Zhongtai International Capital Limited** 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central, Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 195, Shungeng Road Zhucheng City, Shandong PRC
Principal Place of Business in Hong Kong	Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.sinder.cn** *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	Ms. ZHENG Shuwen (鄭舒文) Ms. CHIANG Hiu Hung (江曉紅)
Authorised Representatives	Mr. DONG Tao (董濤) Ms. CHIANG Hiu Hung (江曉紅)
Audit Committee	Mr. TANG Waiyau (鄧維祐) *(Chairperson)* Ms. LI Yuanyuan (李瑗瑗) Mr. SHAN Yong (單勇)
Remuneration Committee	Ms. LI Yuanyuan (李瑗瑗) *(Chairperson)* Mr. TANG Waiyau (鄧維祐) Mr. DONG Tao (董濤)
Nomination Committee	Mr. LI Zhaoyang (李朝陽) *(Chairperson)* Ms. LI Yuanyuan (李瑗瑗) Mr. MA Xingyuan (馬興元)

[**REDACTED**]

Principal Bankers	**Agricultural Bank of China Limited Shandong Zhucheng City Branch** 154 Dongguan Street Zhucheng City Weifang Shandong PRC

Bank of Ningbo Co., Ltd.
Beijing Shunyi Branch
1st and 2nd Floors of Building No. 1
Yixing Jianyuan
Shunyi
Beijing
PRC

Industrial Bank Co., Ltd
Shandong Zhucheng City Branch
2 Shichang Street
Zhucheng City
Weifang
Shandong
PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the [**REDACTED**]. *We believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

CHINA'S ANIMAL HEALTH MARKET

Macroeconomic Environment Analysis in China

With the sustained growth of China's macroeconomy, the income and consumption levels of residents have steadily improved, driving the upgrading of consumer demand in the livestock farming market and the pet health market. According to the National Bureau of Statistics, per capita disposable income of Chinese residents increased from RMB30,733 in 2019 to RMB43,377 in 2025, representing a CAGR of 5.9%. Per capita consumption expenditure of Chinese residents increased from RMB21,559 in 2019 to RMB29,476 in 2025, reflecting a CAGR of 5.4%.

According to the National Bureau of Statistics, per capita animal protein consumption in China increased from 74.5 kg in 2019 to 95.5 kg in 2025. The transformation of dietary structure has driven the demand for feed and animal health. China's total production of major meats increased from 76.49 million tons in 2019 to 100.72 million tons in 2025. Production of pork amounted to 42.55 million tons in 2019 and increased to 59.38 million tons by 2025, with a CAGR of 5.7%. The expansion of livestock farming scale has directly driven the demand for animal health. The medical and prevention expense for each pig was RMB22.7 in 2019 and increased to RMB26.9 in 2025, representing a CAGR of 2.9%. The medical and prevention expense for every 100 broiler chickens was RMB78.1 in 2019 and increased to RMB115.4 in 2025, representing a CAGR of 6.7%. The animal health industry plays a critical role in ensuring the stability and safety of animal protein supply through disease prevention and control, scientific farming practices, and the application of veterinary products.

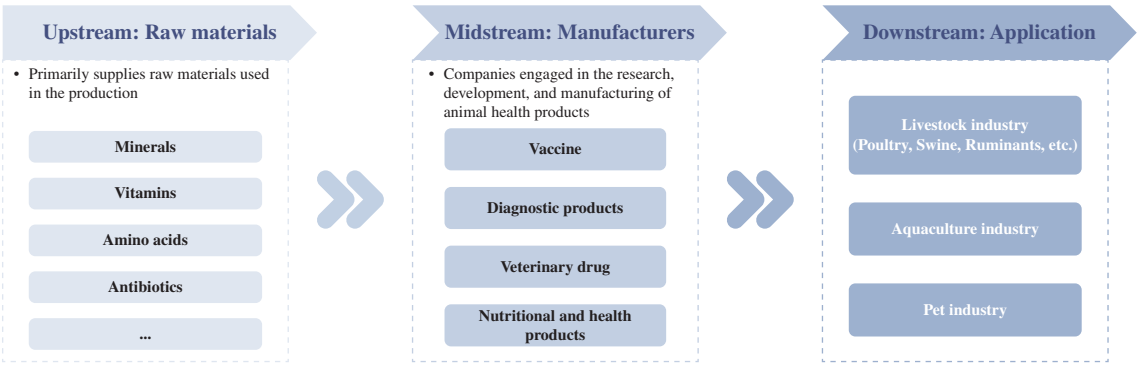
Overview of the Animal Health Industry

The animal health industry refers to a comprehensive sector dedicated to disease prevention, diagnosis and treatment, and health management for animals. It achieves this through disease prevention, diagnostic testing, treatment interventions, and scientific management methods, ensuring the normal physiological functions of livestock and pets, while reducing the risk of disease. The industry covers areas such as vaccines, veterinary drugs, feed additives, diagnostic equipment, and health services. It helps improve animal welfare, ensures food safety and production efficiency in the livestock industry, and meets the growing consumer demand for pet health and management. Additionally, it plays a crucial strategic role in the prevention and control of zoonotic diseases and in promoting ecological sustainability. At present, there are over 1,500 veterinary drug manufacturers in China and the animal health industry faces intense competition.

Industry Chain Analysis of China's Animal Health Industry

The upstream segment of China's animal health industry chain mainly provides raw materials used in the production of animal health products, including minerals, vitamins, amino acids, antibiotics, anti-inflammatory drugs, etc. The midstream segment comprises animal health product manufacturers. The downstream segment refers to the end market for animal health products, including the livestock farming, aquaculture, and the companion animal market. The downstream customers mainly include large scale farms, small and medium-sized farms, and individual farmers engaged in poultry, livestock and other animal husbandry activities. Large scale farms usually procure products through centralised procurement or directly from manufacturers, whereas small and medium-sized farms and individual farmers generally source through distributors. The following illustrates the China's animal health industry chain.

China's animal health industry chain



Source: Ministry of Agriculture and Rural Affairs, CIC

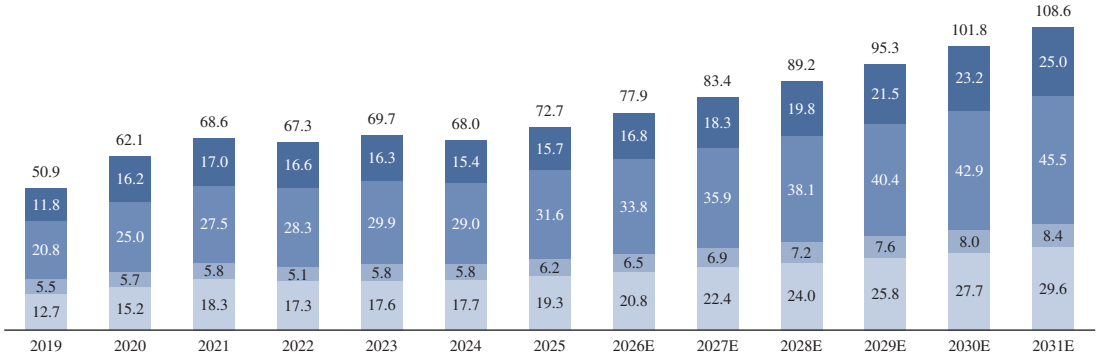
China's Animal Health Market Size

China's animal health market was valued at RMB50.9 billion in 2019 and increased to RMB72.7 billion by 2025, representing a CAGR of 6.1%. It is projected that by 2031, the market size will reach RMB108.6 billion, with a CAGR of 6.9%. China's animal health market can be further segmented into veterinary biological products, chemical and drug formulations, traditional Chinese veterinary medicines, and veterinary active pharmaceutical ingredients. Each serves different functions within the animal health industry. Veterinary biological products, particularly vaccines, are primarily used for disease prevention, while chemical and drug formulations are mainly used for treatment. Traditional Chinese veterinary medicines are typically used for health management and supportive treatment and may partially substitute certain chemical and drug formulations amid tighter antibotic controls and growing demand for sustainable farming. Overall, these are generally complementary in nature, with limited indirect competition due to their difference functions and market positioning.

China's animal health market size, 2019-2025, 2025-2031E

CAGR	2019-2025	2025-2031E
Veterinary biological products	4.8%	8.1%
Chemical and drug formulations	7.2%	6.3%
Traditional Chinese veterinary medicines	2.2%	5.1%
Veterinary active pharmaceutical ingredients	7.1%	7.5%
Total	**6.1%**	**6.9%**

billion RMB



Source: Annual Report on Development of Veterinary Medicine Industry in China, CIC

Entry Barriers in China's Animal Health Industry

Policy and regulatory barriers. GMP for veterinary drugs, which came into mandatory effect in 2020, requires substantial capital investments for compliance, posing challenges for small and medium-sized enterprises. The approval cycle for new veterinary drugs in China is lengthy and highly regulated, resulting in high time and capital thresholds. Regulatory requirements are further elevated for veterinary drugs and vaccines targeting major animal infectious diseases, particularly Category I notifiable diseases. Related R&D activities must be

conducted in P3-level biosafety laboratories and obtain prior special approval from the Ministry of Agriculture and Rural Affairs. In addition, vaccines for major epizootic diseases are subject to a designated production system with limited approved manufacturers, leading to highly concentrated market and elevated institutional entry barriers. These stringent and continuously enforced regulatory requirements is reflected in by industry supervision results published by the Ministry of Agriculture and Rural Affairs in March 2026, which showed that one batch of veterinary biologics and 21 batches of non-biological veterinary drug products failed regulatory inspections in the fourth quarter of 2025.

Technology and R&D barriers. Core technologies such as genetically engineered vaccine, novel adjuvants, and cell culture media are monopolised by industry leaders, making it difficult for new entrants to overcome patent barriers. The development of vaccines and pharmaceuticals targeting emerging diseases (e.g., African swine fever and pet oncology) requires interdisciplinary expertise in molecular biology, bioinformatics, and related fields, imposing high demands on R&D capabilities, which new entrants generally lack. According to clinical trial approvals published by the Ministry of Agriculture and Rural Affairs, as of September 2026, only two clinical trial applications for African swine fever subunit vaccines had been approved in China, involving ten entities (including the Company), further highlighting the high technical and regulatory entry barriers in this segment.

Capital and scale barriers. New entrants require substantial upfront investment. The construction of GMP-compliant production lines (e.g., biological products workshops) typically requires tens of millions of RMB. Separately, animal health companies generally need to maintain R&D expenditure at approximately 5% to 10% of revenue over the long term. Active pharmaceutical ingredient production relies on economies of scale to reduce costs; however, new entrants typically have lower annual output and revenue, limiting cost competitiveness. For the production of Category I major infectious disease vaccines, enterprises must meet BSL3 standards, involving significant investment in facility construction, equipment, biosafety protection, and high ongoing operating costs, further raising entry barriers in the biological products sub-sector.

Market and channel barriers. New entrants face challenges in establishing distribution networks. Clients are often closely tied to long-term suppliers, while new companies must invest significant resources to build technical service teams and after-sales support systems. Leading enterprises have already secured high-quality distributor and key clients resources, and formed exclusive arrangements through long-term cooperation.

Drivers in China's Animal Health Industry

High complexity of animal disease prevention and control. In recent years, global economic integration and frequent cross-border logistics and population mobility have increased the risk of animal disease outbreaks and transmission, leading to strong demand from farming enterprises for epidemic prevention and control. Widespread outbreaks can significantly increase prevention and control costs in the short term. According to the China Agricultural Product Cost-Benefit Compilation (《中國農產品成本效益匯編》) published by the NDRC, due to the impact of African swine fever at the end of 2018, medical and epidemic prevention costs per live pig in large scale farming operations reached RMB20.21, RMB25.65, and RMB28.37 from 2018 to 2020, respectively, with year-on-year growth rates of 26.9% and 10.6%.

Accelerating trend toward large scale farming. Under large scale farming models, higher breeding density increases the risk of disease occurrence and epidemic transmission, leading large farms to favour efficient animal health solutions. On average, the medical and prevention expense for each pig at large scale farms are higher than those under free-range farming. In 2019, China's large scale swine farming ratio was approximately 50%, increasing to 70% by 2025.

Growing demand for pet companionship among Chinese consumers. China's household structure and demographic profile have undergone notable changes in recent years. The continued reduce in household size now resulted in more than 125 million single-person households, accounting for approximately 20% of all households. China's population is also ageing rapidly, with individuals aged 65 and above accounting for approximately 15% of the population, while a fertility rate of 1.05 recorded in 2022, ranking second lowest among major countries globally. These contributed to a growing preference, with pets increasingly serving as emotional support for individuals living alone and elderlies with limited social interaction and being regarded as family members, driving continued growth in companion animal ownership. As a result, pet owners are placing greater emphasis on pet health management, leading to rising demand for pharmaceuticals and treatments for pet diseases, thereby supporting the development of the Chinese pet healthcare industry.

Future Development Trends of China's Animal Health Industry

Continuous expansion of disease coverage: At present, newly approved veterinary drug certificates in China cover just over 40 categories of animal diseases, far fewer than the 174 diseases listed in the Catalogue of Class I, II, and III Animal Diseases (《一、二、三類動物疫病病種名錄》, indicating significant unmet domestic demand for animal disease diagnosis and treatment. Amid frequent outbreaks of major diseases such as African Swine Fever (ASF), avian influenza (H7N9, H5N1), and novel coronavirus variants, demand for precise diagnostic technologies, disease-specific vaccines, and targeted therapeutic drugs continues to rise. Looking ahead, animal health enterprises are expected to increase R&D investment in these priority diseases to fill product gaps and strengthen disease prevention and control capabilities.

Rising investment in product R&D: As competition intensifies and policy orientation evolves, domestic enterprises are under increasing pressure to raise R&D investment. Greater R&D investment is expected to facilitate the development of vaccines, diagnostic reagents, and therapeutic drugs with proprietary intellectual property rights, reducing reliance on imported high-end products. In line with this trend, according to announcements published by the Ministry of Agriculture and Rural Affairs of the PRC in 2024 and 2025, the number of imported veterinary drug registration certificates issued for new registrations and re-registrations in China decreased to 58 in 2025, representing a decline of 30 compared to 2024, a trend that may be consistent with the gradual strengthening of domestic R&D capabilities and import substitution in certain product segments, and may contribute to driving the industry's transformation from volume-driven growth to quality-driven development.

Deepening Industry-Academia-Research Collaboration: Most newly approved veterinary diagnostic products in China are developed through collaboration between enterprises and universities or research institutions, reflecting the initial effectiveness of industry-academia-research synergies. Such cooperation is expected to deepen through joint laboratories, research initiatives, and technology incubation platforms, thereby accelerating the commercialisation of scientific research outcomes. By leveraging the foundational research capabilities of academic and research institutions, enterprises can gain early positioning in frontier technologies such as genetic engineering, AI drug screening and development and AI-assisted diagnostics, promoting the evolution of the entire industry towards high technology and high added value.

Expansion into International Markets: Driven by the Belt and Road Initiative and the Regional Comprehensive Economic Partnership (《區域全面經濟夥伴關係協定》) (RCEP), Chinese animal health enterprises are accelerating overseas expansion through cooperation with international peers in technology, distribution channels, and branding, as well as the introduction of advanced manufacturing processes and quality management systems. Meanwhile, leveraging cost advantages, supply chain stability and strong alignment with regional livestock production structures and medication demand, domestically produced animal health products have developed strong competitiveness in emerging markets such as Asia. In the long term, these efforts are expected to increase global recognition and influence of Chinese products within the global industry value chain.

Competition Landscape of China's Animal Health Industry

Competition landscape of China's animal health industry, by revenue, 2025

Rank	Company	Type of brand	Market share
1 . .	Company A	Domestic	4.3%
2 . .	Company B	Domestic	3.5%
3 . .	Company C	Domestic	3.0%
4 . .	Company D	Domestic	2.9%
5 . .	Company E	Domestic	2.5%
6 . .	Company F	Imported	2.2%
7 . .	Company G	Imported	2.1%
8 . .	Company H	Domestic	1.9%
9 . .	Company I	Domestic	1.7%
10 .	**Our Company**	**Domestic**	**1.5%**
	Total		100%

Source: Annual Reports of listed companies, CIC

Notes:

1. Company A was founded in 1998, headquartered in Beijing, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary biological products, veterinary drugs, feed and feed additives.

2. Company B was founded in 1966, headquartered in Shandong, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary APIs and chemical and drug formulations.
3. Company C was founded in 1990, headquartered in Inner Mongolia, China, and is listed on the Shenzhen Stock Exchange. Its main business includes chemical and drug formulations and veterinary vaccines.
4. Company D was founded in 2001, headquartered in Tianjin, China, and is listed on the Shenzhen Stock Exchange. Its main business includes veterinary biological products, veterinary APIs, chemical and drug formulations, feed and feed additives.
5. Company E was founded in 1999, headquartered in Shandong, China. Its main business is veterinary biological products.
6. Company F was founded in 2012, headquartered in New Jersey, USA, and is listed on the New York Stock Exchange. Its main business includes veterinary drugs, vaccines, diagnostic products, and pet health products.
7. Company G was founded in 1885, headquartered in Ingelheim, Germany. Its main business includes veterinary biological products, veterinary drugs, feed additives, and pet health products.
8. Company H was founded in 1993, headquartered in Inner Mongolia, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary biological products and veterinary diagnostic reagents.
9. Company I was founded in 1958, headquartered in Shandong, China. Its main business includes veterinary biological products, veterinary APIs, veterinary chemical drugs, feed and feed additives.

The market size of China's animal health industry reached RMB72.7 billion in 2025. In terms of market value, domestic manufacturers accounted for approximately 92.2% of China's animal health market in 2025, while international manufacturers accounted for approximately 7.8%. Our Company ranked tenth in the animal health market in China, with a market share of 1.5%.

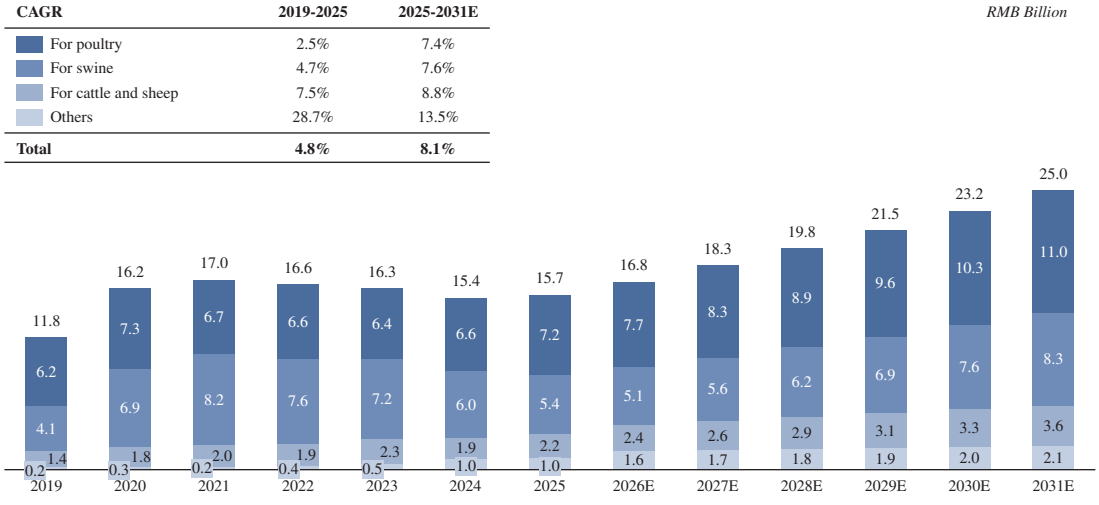
China's Veterinary Biological Products Market

Veterinary biological products are animal health products based on biologically derived substances and manufactured using biotechnological methods, and are primarily used for the prevention of animal diseases. Such products are typically manufactured using viruses, bacteria or their antigenic components, as well as biological materials such as animal serum and cells, as raw materials, through processes including cell culture, fermentation, or genetic engineering. These products are capable of inducing immune protection against specific diseases. Veterinary biological products mainly include veterinary vaccines, veterinary antibodies, transfer factor and veterinary diagnostic reagents.

The market size of China's veterinary biological products was valued at RMB11.84 billion in 2019 and increased to RMB15.66 billion in 2025, representing a CAGR of 4.8%. It is projected that by 2031, the market will expand to RMB25.02 billion, with a CAGR of 8.1%. According to the China Veterinary Drug Association, there were approximately 200 market participants in China's veterinary biological product market in 2025. Among these segments, veterinary vaccines dominate the market, accounting for approximately 94.5% of the total in 2025, while therapeutic antibodies, transfer factors and veterinary diagnostic reagents accounted for approximately 3.9%, 1.2% and 0.4%, respectively.

China's veterinary biological products market size, by revenue, 2019-2025, 2025-2031E

CAGR	2019-2025	2025-2031E
For poultry	2.5%	7.4%
For swine	4.7%	7.6%
For cattle and sheep	7.5%	8.8%
Others	28.7%	13.5%
Total	**4.8%**	**8.1%**



Source: Ministry of Agriculture and Rural Affairs, Annual Report on Development of Veterinary Medicine Industry in China, CIC

As the key segment of veterinary biological products market, poultry biological products was valued at RMB6.16 billion in 2019 and increased to RMB7.15 billion in 2025, representing a CAGR of 2.5%, and accounting for 45.7% of the total veterinary biological products market in 2025. It is projected that by 2031, the market will expand to RMB10.99 billion, with a CAGR of 7.4%.

Competition landscape of China's poultry biological products market, by revenue, 2025

Rank	Company	Market share
1 . . .	Company E	22.2%
2 . . .	Company D	16.6%
3 . . .	**Our Company**	**10.2%**
4 . . .	Company J	6.8%
5 . . .	Company H	4.2%
	Total	100%

Source: Annual Report of listed companies, CIC

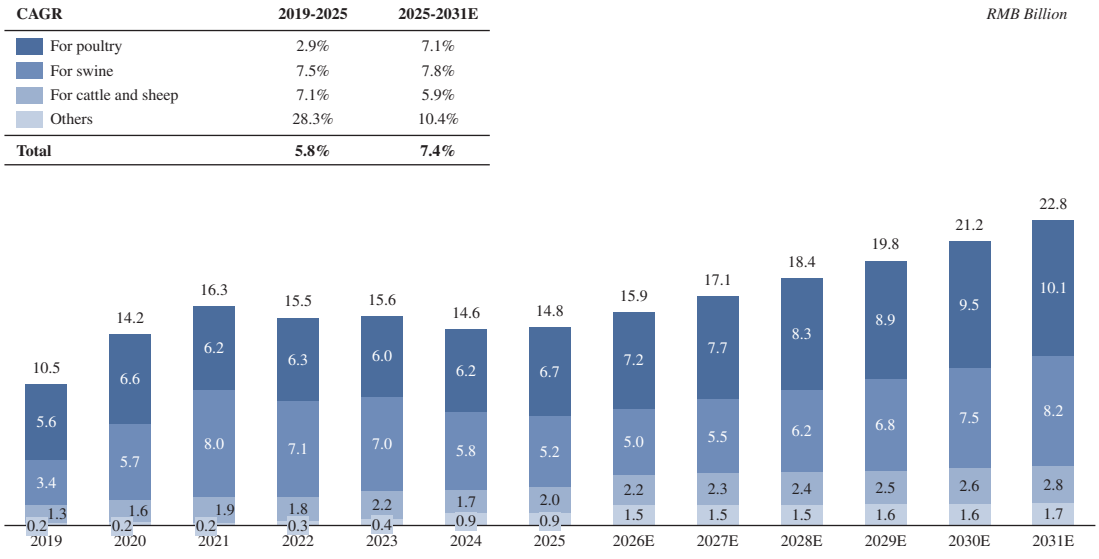
Notes: Company J was founded in 2002, headquartered in Henan, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary biological products and veterinary drugs.

Key Sub-Segment: Veterinary Vaccine

In the veterinary biological products market, veterinary vaccines represent the largest market segment by scale. The market size of China's veterinary biological products reached RMB15.66 billion in 2025, of which veterinary vaccines accounted for RMB14.80 billion, representing 94.5% of the total veterinary biological products market. Vaccine products generally have relatively higher technical barriers and stricter regulatory requirements, and higher pricing. Their primary customers include enterprises that are large scale farms and commercial farms, which usually procure through centralised procurement and place emphasis on product quality, supply stability and technical support.

China's veterinary vaccine market size, by revenue, 2019-2025, 2025-2031E

CAGR	2019-2025	2025-2031E
For poultry	2.9%	7.1%
For swine	7.5%	7.8%
For cattle and sheep	7.1%	5.9%
Others	28.3%	10.4%
Total	**5.8%**	**7.4%**



Source: Ministry of Agriculture and Rural Affairs, Annual Report on Development of Veterinary Medicine Industry in China, CIC

In 2025, our Company ranked eighth amongst domestic manufacturers in the veterinary vaccine market in China, with a market share of 4.3%. The size of China's poultry vaccine market amounted to RMB6.69 billion in 2025. Our Company ranked third in the poultry vaccine market in China, with a market share of 8.3%.

Other Sub-Segments: Veterinary Antibody, Transfer Factor and Diagnostic Reagent

Veterinary antibodies are biological products used for the prevention and control of animal diseases, and their core function is to provide rapid and precise preventive intervention. Pricing is primarily driven by product specificity and production technology, and customers mainly include farming enterprises with demand for rapid disease intervention. The market size of China's animal health antibody reached RMB0.61 billion in 2025. It is expected that by 2031, the market will expand to RMB1.63 billion at a CAGR of 17.9%. Our Company ranked first in the animal health antibody market in China, with a market share of 14.9% in 2025.

Transfer factors are natural signalling molecules generated by immune and non-immune cells, possessing unique advantages in immunosuppression and stress responses. Pricing varies depending on formulation and application scenarios, and customers are mainly farming enterprises and veterinary service providers and distribution channels. The market size of China's animal health transfer factor was RMB0.19 billion in 2025. It is expected that by 2031, the market will expand to RMB0.52 billion at a CAGR of 18.2%. Our Company ranked first in the animal health transfer factor market in China, with a market share of 44.5% in 2025.

Veterinary diagnostic reagents are biological products used for the detection and diagnosis of animal diseases, and their core function is to support rapid and accurate identification of infection status, thereby facilitating timely disease prevention and control. Pricing is primarily influenced by testing technology and application scenarios, while customers include farming enterprises, veterinary institutions and diagnostic service providers.

China's veterinary diagnostic reagents market size was RMB61 million in 2025. It is expected that by 2031, the market will expand to RMB116 million at a CAGR of 11.2%.

Drivers and Future Development Trends of China's Veterinary Biological Products Market

Macro policy support for development: The "14th Five-Year Plan for National Animal Husbandry and Veterinary Industry Development" (《"十四五"全國畜牧獸醫產業發展規劃》) emphasises strengthening the prevention and control of animal diseases and improving vaccine production technology as key objectives. Priority is given to the development of suspension culture, concentration and purification technology for vaccines, and genetic engineering techniques to enhance vaccine production capabilities.

Emerging overseas markets: Livestock farming industries in Central Asia and Africa are expanding, creating a high dependency on imports. For example, Egypt has strong demand for avian influenza vaccines, which Chinese vaccine companies have entered through product registration. Some developing countries have adopted government-led immunization strategies for the prevention and control of major animal diseases. Cross-border disease prevention mechanisms promoted by the World Organisation for Animal Health further stimulate vaccine procurement demand. According to the General Administration of Customs, China's exports of veterinary vaccines reached approximately RMB608 million in 2025, with Asia and Africa accounting for over 90% of total exports, reflecting the growing international presence and strong competitiveness of domestically produced veterinary biological products in emerging markets.

China's Chemical and Drug Formulations Market

Chemical and drug formulations are animal health products whose active pharmaceutical ingredients are obtained through chemical synthesis or chemical modification processes. These products are used for the prevention and control of animal diseases, alleviation of clinical symptoms, and regulation of physiological functions. Products within the chemical and drug formulations segment include antimicrobial agents, antiparasitic drugs, anti-inflammatory

agents, among others, covering applications such as disease prevention, diagnosis, treatment, and symptomatic control. Chemical and drug formulations are characterised by clearly defined chemical compositions and mechanisms of action, and are available in a wide range of dosage forms. They are administered via oral, injectable, or topical routes, and are widely used in livestock farming and companion animal health.

The chemical and drug formulations segment represents the largest component of the animal health industry, accounting for approximately 43.5% of the market in China. According to the China Veterinary Drug Association, there were over 1,000 market participants in this segment. Products in this segment are highly standardised, and pricing is mainly influenced by raw material costs, production processes and market competition. The segment is generally subject to pricing pressure due to product homogeneity, although products with technological advantages or strong brands can maintain more stable pricing. Target customers include large scale, small and medium-sized farms and veterinary institutions. Large-scale farms typically procure directly from manufacturers through centralised procurement or tenders, while small and medium-sized farms and individual operators generally purchase through distributors.

The market size of China's chemical and drug formulations was valued at RMB20.8 billion in 2019 and increased to RMB31.6 billion in 2025, representing a CAGR of 7.2%. It is expected that by 2031, this segment will grow to RMB45.5 billion, with a CAGR of 6.3%.

China's Traditional Chinese Veterinary Medicines (TCVM) Market

Traditional Chinese veterinary medicines combine traditional Chinese medicine theories with veterinary clinical practices and are used for disease prevention, treatment and health management in animals. It employs natural Chinese medicinal materials formulated according to traditional Chinese medicine compatibility principles and processed into oral, injectable, or granule dosage forms using modern formulation technologies. These medicines are designed to improve animal physiological functions, enhance immunity, relieve symptoms, or promote recovery. By leveraging traditional Chinese pharmacological mechanisms, TCVM supports animal health management and disease intervention while aligning with the principles of green farming and low-residue requirements.

The TCVM segment has experienced steady growth in recent years which accounted for approximately 8.6% of the animal health industry in China in 2025. There were approximately 150 TCVM manufacturers in China that had obtained GMP certification. TCVM products are generally priced higher than ordinary chemical drugs, with prices mainly affected by Chinese medicinal herb costs and product formulations. Target customers mainly include large scale farms and commercial farms seeking green and reduced-antibiotic animal health solutions. Increased demand for TCVM has also been supported by policies promoting reduced antibiotic use.

The market size of traditional Chinese veterinary medicines was RMB5.5 billion in 2019 and increased to RMB6.2 billion in 2025, representing a CAGR of 2.2%. It is expected that by 2031, this segment will grow to RMB8.4 billion, with a CAGR of 5.1%.

China's Feed and Additives Market

China's feed and additives market refers to the feed materials and functional supplements designed to meet the comprehensive nutritional, health, and productivity needs of large scale livestock farming. This market includes both basic feed products and scientifically formulated additive components. The feed segment covers nutrition delivery for livestock, poultry, aquaculture, and other specific animals, while additives refer to functional ingredients – such as vitamins, minerals, amino acids, enzymes, and probiotics – incorporated into basic feed at standardised proportions. These additives aim to improve nutrient absorption, enhance immunity, boost growth performance, and reduce health risks.

The feed and feed additives market is an important adjacent segment to the animal health industry, with a large market size and a significant number of participants. Product pricing is primarily influenced by fluctuations in the prices of bulk raw materials, such as corn and soybean meal. The industry is relatively competitive, with overall margins remaining stable.

Functional additives, including probiotics and enzyme preparations, generally exhibit higher value-added characteristics. Target customers cover a wide range of industry participants, including large scale, small and medium-sized farms, as well as feed manufacturers.

The market size of China's feed was RMB808.8 billion in 2019 and increased to RMB1,367.8 billion in 2025, representing a CAGR of 9.2%. It is expected that by 2031, this segment will grow to RMB1,927.3 billion, with a CAGR of 5.9%. The market size of China's feed additives was RMB83.9 billion in 2019 and increased to RMB143.8 billion in 2025, representing a CAGR of 9.4%. It is expected that by 2031, this segment will grow to RMB219.1 billion, with a CAGR of 7.3%.

Overview of Raw Material Prices

Injectable white oil. Injectable white oil is primarily used as a vaccine adjuvant or pharmaceutical excipient in veterinary biological products. As a highly refined mineral oil, its pricing is mainly related to international crude oil prices and refining costs, and generally follows trends in crude oil prices. In China, these white oil is primarily imported and is typically priced in the range of approximately RMB18-25 per kilogram.

Spectinomycin hydrochloride. Spectinomycin hydrochloride is a fermentation-based antibiotic raw material, mainly used in veterinary medicines for the treatment of bacterial infections. In 2025, its market price remained relatively stable at approximately RMB560-590 per kilogram, reflecting a more balanced industry supply and demand environment.

Culture media. Culture media are key inputs in the production of biological products and are mainly used in cell culture and related bioprocesses. Commonly used media include traditional basal media (typically relatively low unit cost with generally below RMB10 per liter) and serum-free media (typically with domestic price of around RMB50-60 per lite). Whilst serum-free media is used in advanced cell culture and protein expression systems and therefore influenced by complex formulations and higher-value inputs such as peptides and amino acids, culture media prices overall have remained relatively stable in recent years due to improved domestic supply capacity and high-volume production.

SOURCES OF INDUSTRY INFORMATION

For the purpose of the [**REDACTED**]*, we have engaged CIC to conduct a detailed analysis of the principal markets in which we operate and to prepare an industry report. CIC is an independent global market research and consulting firm that provides market research services across a wide range of industries, including animal health. We have agreed to pay CIC total fees of RMB0.7 million for the preparation of the CIC Report, and we believe such fees are consistent with market rates. Payment of such fees is not contingent upon whether we successfully* [**REDACTED**] *or the outcome of the CIC Report. Other than the CIC Report, we have not commissioned any other industry report in connection with the* [**REDACTED**].

During the preparation of the CIC Report, CIC performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insight into global and China's animal health market. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analysing data from various publicly available data sources.

The market forecasts contained in the CIC Report are based on, among others, the following principal assumptions: (i) China's overall social, economic and political environment is expected to remain stable during the forecast period; (ii) China's economy and the relevant industries are expected to maintain a steady growth trend over the next ten years; (iii) key industry drivers are expected to continue to support market growth during the forecast period; and (iv) there will be no extreme force majeure events or industry regulatory changes that would have a material or fundamental impact on the market. The accuracy of these principal assumptions may affect the reliability of the CIC Report.

PRC LAW AND REGULATIONS

Most of our business operations are based in the PRC and are subject to extensive supervision and regulation by the PRC Government.

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

LAWS AND REGULATIONS RELATING TO COMPANY LAW AND FOREIGN INVESTMENT

The formation, operation and management of enterprises in the PRC are governed by the PRC Company Law, which was promulgated by the Standing Committee of the NPC (NPCSC) on 29 December 1993, effective on 1 July 1994, and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023, respectively. Under the PRC Company Law, companies are categorised into two types, i.e. limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies and companies limited by shares. Under the PRC Company Law, if there are other provisions in the laws relating to foreign investment, such provisions shall prevail.

The latest amendment made by the NPCSC on 29 December 2023 mainly included the improvement of a company's establishment and exit system, the optimisation of a company's organisation, the improvement of a company's capital system, the reinforcement of the responsibilities of controlling shareholders and management personnel, and the enhancement of a company's social responsibility, etc. This amendment became effective from 1 July 2024.

On 15 March 2019, the "NPC" promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL"). The FIL took effect on 1 January 2020. In accordance with the FIL and the Regulations for the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on 26 December 2019, which came into effect on 1 January 2020, foreign investment refers to the investment activities carried out directly or indirectly in the PRC by foreign natural persons, enterprises or other organisations (hereinafter referred to as "foreign investors"). The provisions of the PRC Company Law, the Law of the Partnership Enterprise Law of the PRC (《中華人民共和國合夥企業法》) and other laws shall apply to the form of organisation of a foreign-invested enterprise, its organisational structure and the rules governing its activities.

The PRC implements a pre-access national treatment plus negative list management system for foreign investment, which means that foreign investors and their investments are given treatment no less favourable than that accorded to domestic investors and their investments at the stage of investment access; the so-called negative list refers to the special access management measures that the State has stipulated to be applied to foreign investment in specific areas, and the State grants national treatment to foreign investment that is not on the negative list.

The Catalogue of Industries Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the "Encouraging Catalogue") issued by the NDRC and the Ministry of Commerce on 15 December 2025 (effective from 1 February 2026) and the Special Administrative Measures for Foreign Investment Entry (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "Negative List") issued by the NDRC and the Ministry of Commerce on 6 September 2024, which became effective on 1 November 2024, together constitute the Catalogue of Industries Encouraging Foreign Investment and the Special Administrative Measures for Foreign Investment Access to Industries Restricted or Prohibited for Foreign Investment, of which the Negative List has uniformly listed the special administrative measures in respect of foreign investment access, such as shareholding requirements and senior management requirements. Fields outside the Negative List are managed in accordance with the principle of consistency between domestic and foreign investments. Domestic enterprises engaging in businesses in the areas of investment prohibited by the Negative List that issue shares abroad and list them for trading shall be subject to the examination and consent of the relevant competent state authorities. Foreign investors shall not participate in the operation and management of the enterprise, and the proportion of their shareholding shall be implemented with reference to the relevant provisions on the management of domestic securities investment by foreign investors. According to the Negative List and the Encouraging Catalogue, as at the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures thereunder.

REGULATIONS RELATED TO VETERINARY DRUGS PRODUCTION AND OPERATION

On 21 May 1987, State Council promulgated the Regulation on Veterinary Drug Administration (《獸藥管理條例》), which was most recently amended on 27 March 2020. These regulations apply to the R&D, production, marketing, import and export, use, as well as supervision and administration of veterinary drugs within the PRC. Pursuant to the Regulation on Veterinary Drug Administration, any enterprise which produces veterinary drugs requires a Veterinary Drug Production License; and any enterprise which deals in veterinary drugs requires a Veterinary Drug Operation License. The validity periods of the Veterinary Drug Production License and the Veterinary Drug Operation License are both five years. Enterprises that produce or manage veterinary drugs without the Veterinary Drug Production License or the Veterinary Drug Distribution License will be ordered to stop their production or business and their illegal income will be confiscated. In serious cases, they will be investigated for the crime of illegal operation.

On 21 April 2020, the Ministry of Agriculture and Rural Affairs of the PRC promulgated a new version of the Measures for the Administration of the Production and Quality Control of Veterinary Biological Products (《獸藥生產質量管理規範》) with an effective date of 1 June 2020, governing the production, storage, supervision and administration of veterinary biological products within the PRC. According to these measures, any enterprise producing veterinary drugs shall establish a quality assurance system that conforms to the requirements of quality control for veterinary drugs, and ensure that the production, control, storage and sales of veterinary drugs meet the registration requirements of veterinary drugs.

The veterinary drug operators in the PRC shall also comply with the Norms for the Business Operation and Quality Management of Veterinary Drugs (《獸藥經營質量管理規範》), which was promulgated by the Ministry of Agriculture and Rural Affairs on 15 January 2010 and amended on 30 November 2017. It is a set of standards regulating the quality management of veterinary drugs operators in the PRC, including but not limited to operation sites, equipment, personnel, bylaws, purchases, warehousing, distribution and freight.

On 17 March 2021, the Ministry of Agriculture and Rural Affairs of the PRC promulgated a new version of the Measures for the Administration of the Business Operation of Veterinary Biological Products (《獸用生物製品經營管理辦法》) with an effective date of 15 May 2021, governing the distribution, operation, supervision and administration of veterinary biological products within the PRC. According to these measures, any enterprise that engages in the business operation of biological products for veterinary use shall obtain a Veterinary Drug Operation License. The business scope in the Veterinary Drug Operation License shall specifically state the categories of biological products, for example, whether they are national compulsory immunity biological products, and the name of the entrusted production enterprise of biological products for veterinary use.

According to the Measures for the Administration of Veterinary Drug Registration (《獸藥註冊辦法》), after completing clinical trials, new veterinary drug registration applicants should submit an application to the Ministry of Agriculture and Rural Affairs and provide relevant documents as required by Announcement No. 442 on 1 January 2005 of the PRC's Ministry of Agriculture on veterinary drug registration materials. For veterinary drugs that meet the requirements, they will be announced. The applicant will be issued a New Veterinary Drug Registration Certificate, accompanied by approved production processes, registration standards, and sample drafts of labels and instructions. Registration Certificate of New Veterinary Drugs verifies that the veterinary drug product has undergone all the necessary tests and evaluations to ensure its safety, efficacy, and quality, and it can be used for animals under the stipulated uses and dosages. It is a required certificate for a manufacturer before receiving an Approval Number for Veterinary Biological Products for a vaccine and commencing manufacturing such vaccine.

After obtaining the New Veterinary Drug Registration Certificate, the applicant is able to submits an application for an Approval Number for Veterinary Biological Products to the Ministry of Agriculture and Rural Affairs. The Veterinary Bureau of the Ministry of Agriculture and Rural Affairs proposes an approval plan based on the review opinions, and after approval by the minister, the Approval Number for Veterinary Biological Products will be issued to the applicant. With the Approval Number for Veterinary Biological Products, the manufacturer is able to produce the vaccine.

After receiving the New Veterinary Drug Registration Certificate and Approval Number for Veterinary Biological Products, the manufacturer should complete the Veterinary Biological Product Lot Release Record Form and submit it to the China Institute of Veterinary Drug Control along with documents such as the Certificate of Good Manufacturing Practices for Animal Drugs, Veterinary Drug Production Permit, and Approval Number for Veterinary Biological Products. If the record information meets the requirements, the China Institute of Veterinary Drug Control issues a Veterinary Biological Product Lot Release Record Documentation to the manufacturer. The manufacturer, with the Veterinary Biological Product Lot Release Record Documentation, apply for sampling to provincial veterinary drug supervision and inspection institutions and provide the China Institute of Veterinary Drug Control with the Lot Release Product Catalogue, Veterinary Biological Product Production and Inspection Report, and Veterinary Biological Product Lot Release Sampling Form. Upon receiving the sampling application submitted by the manufacturer, the provincial veterinary drug supervision and inspection institution should complete the sampling work within 7 working days. The China Institute of Veterinary Drug Control should complete the review within 7 working days after receiving the materials and, when necessary, conduct spot checks and inspections. If compliant with regulations, a Veterinary Biological Product Lot Release Qualification Notice will be issued to the manufacturer. With the Veterinary Biological Product Lot Release Qualification Notice, the manufacturer is able to sell its vaccines domestically.

REGULATIONS RELATED TO BREEDING AND USE OF ANIMALS IN EXPERIMENT

According to the Regulation on the Administration of Laboratory Animals (《實驗動物管理條例》) issued by the National Science and Technology Committee (now known as "the Ministry of Science and Technology") in November 1988 and amended by the State Council in March 2017, the government has adopted a quality certification system for the supervision of animal experiment in respect of the breeding, quarantine and epidemic prevention, use of animals in experiments, import and export of laboratory animals, as well as the qualification of personnel involving in animal experiment.

The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) in December 1997. The Ministry of Science and Technology and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) in December 2001. All of these laws and regulations require a Certificate for Use of Laboratory Animals for performing experiments on animals. A laboratory animal operation license is required for personnel involved in the breeding, reproduction, supply, transportation and commercial operation of laboratory animals. Any entity or individual who uses laboratory animals for scientific research and experiment is required to obtain a permit for the use of laboratory animals. Applicants of laboratory animal operation license and use permit shall satisfy certain conditions. No entity or individual shall perform animal experiment and operation without such license or permit. The results of animal experiment will not be recognised if the experiment is conducted by an entity or individual without such license or permit or that the animal and relevant materials are supplied by a provider without the operation license.

REGULATIONS RELATED TO FEED PRODUCTION

Under the Regulations on Administration of Feed and Feed Additives (《飼料和飼料添加劑管理條例》), which were promulgated by the State Council on 29 May 1999, last amended on 1 March 2017, and the Administrative Measures for Production Licensing of Feed and Feed Additives (《飼料和飼料添加劑生產許可管理辦法》), which were issued by the MOA on 2 May 2012, last amended on 7 January 2022, feed production enterprises must comply with feed industry development plans and industrial policies and meet the following conditions: (1) have plant buildings, equipment and warehousing facilities accommodating the feed and feed additive production; (2) have full-time technical staff to accommodate the feed and feed additive production; (3) have necessary product quality testing bodies, staff and facilities and quality control systems; (4) have production conditions that meet safety and health requirements stipulated by the government; (5) have in place pollution prevention and control measures that meet the national environmental protection requirements; and (6) other conditions specified in the administration standards for feed and feed additives quality safety formulated by the competent administrative department of agriculture under the State Council.

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

REGULATIONS RELATED TO INTELLECTUAL PROPERTY RIGHTS

Copyright

Copyright in the PRC, including copyrighted computer software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated in September 1990 and last amended in November 2020, and related rules and regulations. Under the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated in June 1991 and last amended in January 2013, the term of protection for copyrighted software of legal persons is 50 years and ends on 31 December of the 50th year from the date of first publishing of the computer software.

Trademark

Registered trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated in August 1982 and last amended on 26 June 2026 and will come into force on 1 January 2027, as well as the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》), which was promulgated on 3 August 2002 and last amended on 29 April 2014. The Trademark Office of the CNIPA formerly the PRC Trademark Office of the State Administration of Market Regulation is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law of the PRC adopted a "first-to-file" principle with respect to trademark registration. The validity period of registered trademarks is 10 years from the date of approval of trademark application and may be renewed for another 10 years provided relevant application procedures have been completed within 12 months before the end of the validity period.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated in March 1984 and last amended in October 2020, provides for patentable inventions, utility models and designs. An invention or utility model for which patents may be granted shall have novelty, creativity and practical applicability. The State Intellectual Property Office under the State Council is responsible for examining and approving patent applications. The protection period is 20 years for inventions, 10 years for utility models and 15 years for designs, all of which commence from the date of application of patent rights.

Domain name

Domain names are protected under the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on 24 August 2017. MIIT is the major regulatory body responsible for the administration of the PRC internet domain names. The Administrative Measures for Internet Domain Names adopted a "first-to-file" principle with respect to the registration of domain names.

REGULATIONS RELATED TO PRODUCT LIABILITY

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on 22 February 1993 and last amended on 29 December 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

Under the PRC Civil Code (《中華人民共和國民法典》), which was promulgated on 28 May 2020 and became effective on 1 January 2021, if a product is found to be defective and to compromise the personal and property security of others, the victim may require compensation to be made by the manufacturer or the seller of the product. Where any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious damage to the health of another person, such person shall be entitled to claim punitive damages. If the transporter or storekeeper is responsible for the matter, the manufacturer or seller shall have the right to demand compensation for its losses.

REGULATIONS RELATED TO ENVIRONMENTAL PROTECTION AND WORK SAFETY

Environmental Protection

Pursuant to the Environmental and Ecological Code of the People's Republic of China (《中華人民共和國生態環境法典》), promulgated by the NPC on 12 March 2026 and effective from 15 August 2026, entities and individuals that discharge pollutants shall adopt effective measures to prevent and control environmental pollution arising from production, daily living and other activities, including air pollution, water pollution, marine pollution, soil pollution, solid waste pollution, noise pollution, radioactive pollution, as well as pollution caused by chemical substances, electromagnetic radiation and light.

Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include confiscation of illegal gains, confiscation and destruction of illegally obtained property, orders to make rectification, orders to cease illegal activities or construction, orders to restrict production or suspend production for rectification, orders to suspend business operations or close down, orders for demolition or compulsory demolition, and suspension or revocation of licences among other measures. In addition, certain environmental organisations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

According to the Regulation on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), promulgated by the State Council on 24 January 2021, and effective from 1 March 2021, as well as the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》), promulgated by the Ministry of Ecology and Environment on 1 April 2024, and effective from 1 July 2024, enterprises, institutions, and other producers and operators subject to pollutant discharge permit management shall apply for and obtain pollutant discharge permits as required. Those without a pollutant discharge permit are prohibited from discharging pollutants. Enterprises, institutions, and other producers and operators with minimal pollutant generation, emission, and environmental impact shall complete a pollutant discharge registration form and are not required to apply for a pollutant discharge permit.

Work Safety

Under relevant construction safety laws and regulations, including the PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the NPCSC on 29 June 2002 and last amended on 10 June 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets the national or industrial standards.

REGULATIONS RELATED TO FIRE CONTROL

Pursuant to the PRC Fire Control Law (《中華人民共和國消防法》), which was promulgated by the NPCSC on 29 April 1998 and last amended on 29 April 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project (《建設工程消防設計審查驗收管理暫行規定》), which was promulgated by the Ministry of Housing and Urban-Rural Development on 1 April 2020 and last amended on 21 August 2023, the construction entity of a large crowded venue (including the construction of a manufacturing plant whose size is over 2,500 sq.m.) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance

procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

REGULATIONS RELATED TO LAND USE RIGHT AND CONSTRUCTION

Land Registration

Pursuant to the PRC Land Administration Law (《中華人民共和國土地管理法》), which was promulgated on 25 June 1986 and last amended on 26 August 2019, and the PRC Civil Code, which was promulgated by the NPC on 28 May 2020 and became effective on 1 January 2021, any entity that needs land for the purposes of construction must obtain land use right and must register with local counterparts of Natural Resources Ministry. Land use right is established at the time of registration.

Rural Land Contracting

Pursuant to the Rural Land Contracting Law of the PRC (《中華人民共和國農村土地承包法》) (the "Rural Land Contracting Law") which was promulgated by the Standing Committee of the NPC on 29 August 2002 and last amended on 29 December 2018, contractors of rural land can be members of the economic collective that owns or uses the relevant land, or enterprises and individuals outside the economic collective. A contractor of rural land is primarily entitled to the following rights: (1) enjoying in accordance with law the rights to use and reap the yields from the land contracted, and the right to make its own decision regarding the arrangements for production and operation as well as the disposition of the products; (2) exchanging and transferring the right to land contractual management according to the law; (3) circulating the land management right according to the law; (4) enjoying in accordance with lawful right to obtain appropriate compensation for the contracted land that is expropriated, requisitioned or occupied according to law; and (5) other rights provided for in laws and administrative rules and regulations.

At the same time, a contractor of rural land must undertake the following obligations: (1) keeping or using the land for agricultural purposes, and refraining from using it for non-agricultural development without approval granted according to the law; (2) protecting and rationally using the land in accordance with law, and refraining from causing permanent damage to the land; and (3) other obligations provided for in laws and administrative rules and regulations.

The awarding party of contracted land, primarily the economic collective that owns or uses the relevant land, is entitled to monitor whether the contractor is using the contracted land in agreed manners. However, it may not interfere with normal operations of the contractor in accordance with the laws.

According to the Rural Land Contracting Law, the decision to contract the rural land to an enterprise or individual that is not a member of the economic collective which owns the land must be made in accordance with relevant procedures, which require (i) the approval by at least two-thirds of the members of the economic collective or two-thirds of the representatives for members of the economic collective, and (ii) the approval by the competent government at the township level.

Transferring Right to Operating Contracted Land

The PRC Civil Code and the Rural Land Contracting Law provide that a contractor of rural land may transfer its right to operate the contracted land through subcontracting, leasing, exchanging, assignment or other means by entering into written agreements with the transferee. The transferee could be members of the economic collective that own the relevant contracted land, or enterprises and individuals outside the economic collective as long as such enterprises and individuals engage in agricultural production activities. A transfer of the contractor's right to operate the contracted land must comply with, among other things, the following principles: (1) such transfer must be based on voluntary negotiation between the contractor and the transferee; (2) such transfer must not alter the (i) nature of the ownership or (ii) agricultural usage of the contracted land; (3) the term of transfer may not exceed the remainder of the contracting term; (4) the transferee must be capable of conducting agricultural production activities; and (5) members of the same economic collective shall enjoy priority in obtaining the right to operate the contracted land under same conditions.

Pursuant to the Measures for the Administration of Transfer of Rural Land Management Right (《農村土地經營權流轉管理辦法》), which was promulgated by the MOA on 26 January 2021 and went into effect on 1 March 2021, the contractor may transfer the land management right by means of leasing (subcontracting), buying shares or by other ways complying with the provisions of the relevant laws and State policies. For the transfer of the land management right, the contractor shall conclude a written transfer contract with the transferee on the basis of agreement reached through consultation, and report it to the contract-issuing party for archival filing.

Construction

Pursuant to the PRC Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》), which was promulgated by the NPCSC on 28 October 2007 and last amended on 23 April 2019, the owner of land use right must obtain construction land planning permit and construction works planning permit from the department of urban and rural planning before proceeding the construction. If a construction project is proceeded without obtaining the planning permit on construction project or by violating the provisions of the planning permit on construction project, the competent department of urban and rural planning of the local government shall order it to stop construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order the construction entity or individual to correct within a certain time limit and impose a fine of not less than 5% the construction cost but not more than 10% the cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit and confiscate the real objects or the illegal gain, and may also impose a fine not more than 10% the construction cost.

REGULATIONS RELATED TO EMPLOYMENT AND SOCIAL WELFARE

Employment

The Labour Law of the PRC (《中華人民共和國勞動法》), which was promulgated on 5 July 1994 and last amended on 29 December 2018, the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on 29 June 2007 and amended on 28 December 2012, and the Implementation Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated on 18 September 2008, are the principal laws and regulations that govern employment and labour matters in the PRC. Under the above regulations, labour contracts shall be concluded in writing if labour relationships are to be or have been established between employers and the employees. Employers are prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance to national regulations. In addition, wages may not be lower than the local minimum wage. Employers must establish a system for labour safety and sanitation, strictly abide by state standards, and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Social Insurance and Housing Fund

Under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the NPCSC on 28 October 2010 and last amended on 29 December 2018, together with other laws and regulations, employers are required to pay basic pension insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance, and other social insurance for its employees at specified percentages of the salaries of the employees, up to a maximum amount specified by the local government regulations from time to time. When an employer fails to fully pay social insurance premiums, relevant social insurance collection agency shall order it to make up for any shortfall within a prescribed time limit, and may impose a late payment fee at the rate of 0.05% per day of the outstanding amount from the due date. If such employer still fails to make up for the shortfalls within the prescribed time limit, the relevant administrative authorities shall impose a fine of one to three times the outstanding amount upon such employer.

On 31 July 2025, the Supreme People's Court of China promulgated the Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labour Dispute Cases (the "New Judicial Interpretation") (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which came into effect on 1 September 2025. Article 19(1) of this Interpretation provides that if an employer and an employee agree or the employee commits not to pay social insurance contributions, the People's Court shall deem

such agreement or commitment invalid. Furthermore, when an employer fails to pay social insurance contributions in accordance with the law, if the employee requests to terminate the labour contract and claims economic compensation pursuant to Article 38(1)(3) of the Labour Contract Law of the PRC, the People's Court shall support such claim in accordance with the law. This clarifies that if an employer fails to pay social insurance contributions in accordance with the law, the employee has the right to request termination of the labour contract and obtain corresponding economic compensation under the Labour Contract Law of the PRC.

In accordance with the Regulations on the Management of Housing Fund (《住房公積金管理條例》), which was promulgated by the State Council on 3 April 1999 and last amended on 10 August 2026 and effective from 20 September 2026, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

REGULATIONS RELATED TO FOREIGN EXCHANGE

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 5 August 2008 and became effective on the same day, transactions involving goods, services, income and current transfers in the balance of payments are regarded as current accounts, under which the foreign exchange payments shall, pursuant to the administrative provisions of the foreign exchange administration under the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currencies or foreign currencies purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in the issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange administration under the State Council. In accordance with the 'Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Management of Funds for Overseas Listings by Domestic Enterprises', issued by the People's Bank of China and the State Administration of Foreign Exchange on 24 December 2025 and coming into effect on 1 April 2026, domestic enterprises listing overseas shall, within 30 working days of the first trading day following the overseas listing or the completion of the over-allotment, apply to a bank within the provincial or separately listed municipal area where they are registered to complete the registration for the overseas listing.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on 13 February 2015 and came into effect on 1 June 2015, and was partially abolished on 30 December 2019, two administrative approval items for foreign exchange registration under overseas direct investment have been cancelled. Instead, banks shall directly examine and handle foreign exchange registration under overseas direct investment, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration under overseas direct investment through banks.

REGULATIONS RELATED TO TAX

Enterprise Income Tax

On 16 March 2007, the Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), or the EIT Law, was promulgated by the NPCSC, which was last amended and became effective on 29 December 2018. On 6 December 2007, the State Council enacted the Regulations for the Implementation of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》), which was last amended on 6 December 2024. Under the EIT Law and relevant implementation regulations, both resident enterprises and non-resident enterprises are subject to the enterprise income tax so long as their income is generated within the territory of PRC. "Resident enterprises" are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. "Non-resident enterprises" are defined as enterprises that are organised under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. If non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent

establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, however, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

In addition, under the EIT Law and its implementation rules, an enterprise established outside of the PRC with its "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%.

The EIT Law and its implementation rules permit certain "high and new technology enterprises strongly supported by the state" that independently own core intellectual property and meet statutory criteria, to enjoy a reduced 15% enterprise income tax rate. According to the Administrative Rules for the Certification of High Tech Enterprises (《高新技術企業認定管理辦法》), last amended on 29 January 2016, for each entity accredited as High Tech Enterprise, such status is valid for three years if it meets the qualifications for High Tech Enterprise on a continuing basis during such period.

VAT

According to the PRC Value-Added Tax Law (《中華人民共和國增值税法》), which was promulgated by the SCNPC on 25 December 2024 and effective on 1 January 2026, all entities and individuals engaged in sale of goods or provision of processing, repair and maintenance services or importation of goods in Mainland China are subject to the VAT. Unless otherwise specified, the VAT rate is generally 13% in respect of the sale or importation of goods by taxpayers.

Pursuant to the Public Notice of the State Administration of Taxation on Issues concerning Value-added Tax on Sale of Veterinary Biological Products by Veterinary Drug Business Enterprises(《國家税務總局關於獸用藥品經營企業銷售獸用生物製品有關增值税問題的公告》), which took effect on 1 April 2016, a veterinary drug business enterprise that is a general VAT payer may, when selling veterinary biological products, elect to adopt the simplified method to compute and pay VAT based on the sales revenue from veterinary biological products and a collection rate of 3%. On 30 January 2026, the Ministry of Finance and the State Administration of Taxation issued the Public Notice on Transitional Matters Relating to VAT Preferential Policies following the Implementation of the VAT Law (《關於增值税法施行後增值税優惠政策銜接事項的公告》) (the Announcement No.10 of 2026), which took effect retroactively from 1 January 2026. Under this Notice, the sale of veterinary biological products by a veterinary drug business enterprise that is a general VAT payer is no longer included in the list of transactions eligible for the simplified tax calculation method, and it is further clarified that, except for this Notice, the VAT Law, the Implementing Regulations of the VAT Law, and the Public Notice of the Ministry of Finance and the State Administration of Taxation on VAT Policies for Sale of Residential Properties by Individuals, all other domestic VAT preferential policies set forth in documents issued before 31 December 2025 shall cease to be effective.

Taxation on Dividends

Individual Investors

According to IIT Law promulgated by NPCSC on 10 September 1980, as last amended on 31 August 2018 and the latest amendment effective on 1 January 2019, and the Regulations on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) promulgated by the State Council on 28 January 1994, as last revised on 18 December 2018 and the latest revision effective on 1 January 2019 (hereinafter referred to as the "Implementation Regulations of the Individual Income Tax Law"), individual investors shall pay individual income tax at a rate of 20% on dividend income received from enterprises within China (regardless of whether the place of payment is within China), which shall be withheld and paid by enterprises in China, except for the income exempted from tax stipulated in international conventions and agreements signed by the PRC government, as well as other tax-free income and tax reductions stipulated by the State Council.

According to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed on 21 August 2006 (hereinafter referred to as the "Arrangement"), the PRC government may impose a tax on dividends paid by Chinese

companies to Hong Kong residents in accordance with PRC laws, but the tax imposed (if the beneficial owner of the dividend is not a company that directly holds at least 25% equity interest in the company paying the dividend) should not exceed 10% of the total amount of the dividend. However, according to the Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書) (hereinafter referred to as the "Fifth Protocol to the Arrangement") that came into effect on 6 December 2019, notwithstanding the other provisions of the Arrangement, if it is reasonably ascertained, having regard to all relevant facts and circumstances, that one of the main purposes of any arrangement or transaction directly or indirectly inducing a benefit under the Arrangement is to obtain the concessions, the concessions shall not be granted in respect of the relevant proceeds unless it can be established that the grant of the benefit in such circumstances is in accordance with the purpose and objective of the relevant provisions of the Arrangement.

Corporate Investors

According to the Enterprise Income Tax Law (《企業所得稅法》) and the Regulation on the Implementation of the Enterprise Income Tax Law (《企業所得稅法實施條例》), non-resident enterprises shall pay enterprise income tax on their income derived from China (including dividends, bonuses and other equity investment income paid by Chinese enterprises). However, if a non-resident enterprise has not established an office or establishment in China, or if it has established an office or establishment but the income obtained has no actual connection with the office or establishment, it shall be levied enterprise income tax at a reduced rate of 10%. The above-mentioned income tax payable by non-resident enterprises shall be withheld at source, and the income payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or payment due at the time of payment or due for payment. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation on 6 November 2008 further stipulated that when Chinese resident enterprises distribute dividends to H-share holders which are overseas non-resident enterprises for 2008 and subsequent years, enterprise income tax will be withheld and paid at a uniform rate of 10%.

Under the arrangement, the PRC government can tax dividends paid by Chinese companies to Hong Kong residents in accordance with PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax levied shall not exceed: (I) 5% of the total amount of the dividends if the beneficial owner is a company that directly owns at least 25% of the equity of the company paying the dividends, or (II) in other cases, 10% of the total dividend amount. According to the Fifth Protocol to the Arrangement, notwithstanding the provisions of other terms of this Arrangement, if, after taking into account all relevant facts and circumstances, it can be reasonably determined that one of the main purposes of any arrangement or transaction that directly or indirectly brings about the benefits of this Arrangement is to obtain the benefits, the benefits shall not be granted in connection with the relevant income, unless it can be confirmed that the benefits under such circumstances is consistent with the purposes and objectives of the relevant provisions of this Arrangement.

Tax Agreements

Non-Chinese resident investors who live in countries that have signed double taxation agreements with China or who live in Hong Kong or the Macau Special Administrative Region can enjoy preferential tax rates on dividends from Chinese companies. China has entered into double taxation avoidance arrangements with Hong Kong and the Macao Special Administrative Region respectively, and has entered into double taxation avoidance agreements with several other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the U.S. Non-Chinese resident enterprises that have obtained preferential tax rates under relevant tax agreements or arrangements may apply to the Chinese tax authorities for a refund of the difference between the withholding tax and the tax calculated based on the preferential tax rates stipulated in the relevant tax agreements or arrangements. The application is subject to approval by the Chinese tax authorities.

Taxes Related to Share Transfers

Individual Investor

According to the IIT Law and the Implementation Regulations of the Individual Income Tax Law, income from the transfer of property (including income from the transfer of securities, equity, and partnership property shares among individuals) is subject to individual income tax at a rate of 20%. According to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) jointly issued by the Ministry of Finance and the State Administration of Taxation on 30 March 1998 (Cai Shui Zi [1998] No. 61), starting from 1 January 1997, individual income tax will continue to be exempted on the income obtained by individuals from transferring shares of listed companies.

Corporate Investors

According to the Enterprise Income Tax Law and the Regulation on the Implementation of the Enterprise Income Tax Law, nonresident enterprises shall pay enterprise income tax on their income derived from China (including income from the transfer of equity investments in Chinese enterprises). For a non-resident enterprise having no office or establishment in China, or if an office or establishment has been established in China but the income obtained has no actual connection with the office or establishment, the enterprise income tax shall be levied at a reduced rate of 10%. The above-mentioned income tax payable by non-resident enterprises shall be withheld at source, and the income payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or due for payment at the time it is paid or due for payment.

REGULATIONS RELATED TO IMPORT AND EXPORT TRADE

Customs Law

Pursuant to the PRC Customs Law (《中華人民共和國海關法》), which was promulgated by the NPCSC on 22 January 1987 and last amended on 29 April 2021, and the Administrative Provisions of the Record-filing of Customs Declaration Agent (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs of the PRC on 19 November 2021 and became effective on 1 January 2022, unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers that have been registered with the customs and such declaration shall be made by filing with the customs.

Import and Export Commodity Inspection Law

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), which was promulgated by the State Council on 10 December 2001 and last amended on 10 March 2024, the import and export of goods are generally allowed by the PRC government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), which was promulgated by the NPCSC on 12 May 1994 and last amended on 27 December 2025, unless otherwise provided by laws and regulations, the PRC government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have cancelled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the Ministry of Commerce or the agency entrusted from 30 December 2022.

REGULATIONS ON OVERSEAS LISTINGS

According to the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) issued by the CSRC on 17 February 2023 and effective from 31 March 2023 (hereinafter referred to as the "Management Trial Measures"), where domestic enterprises seek overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Management Trial Measures. If an issuer procures an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting application documents for

overseas securities issuance and listing. If the filing materials are complete and comply with regulations, the CSRC will complete the filing within 20 working days from the date of receipt of the filing materials and publicise the filing information through its website.

According to the Management Trial Measures, overseas securities issuance and listing is not allowed if one of the following circumstances exists: (I) financing through listing is explicitly prohibited by laws, administrative regulations or relevant national regulations; (II) the overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the law; (III) a domestic enterprise or its controlling shareholder or actual controller has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the order of the socialist market economy in the last three years; (IV) a domestic enterprise is under formal investigation according to the law for being suspected of any crime or major violation of laws and regulations, but no clear conclusions have been made; or (V) there is a major dispute over ownership of the equity held by the controlling shareholder or a shareholder controlled by the controlling shareholder or the actual controller.

OVERSEAS LISTING CONFIDENTIALITY AND ARCHIVES ADMINISTRATION

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly issued by the CSRC and other departments on 24 February 2023 and effective on 31 March 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfil the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly undergo the relevant procedures in accordance with the relevant regulations of the state.

REGULATIONS ON THE FULL CIRCULATION OF H SHARES

According to the Management Trial Measures, for a domestic company undertaking direct offering and listing of securities overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares to be listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and authorise the domestic company to file with the CSRC on their behalf.

According to the Guidelines for H-share Companies to Apply for Full Circulation of Domestic Unlisted Shares (《H股公司境內未上市股份申請"全流通"業務指引》) issued by the CSRC on 14 November 2019 and revised on 10 August 2023, "full circulation" means listing and circulation of domestic unlisted shares of H-share companies (including unlisted domestic shares held by domestic shareholders before overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders) on the Hong Kong Stock Exchange. Shareholders of domestic unlisted shares may, under the premise of complying with the relevant laws and regulations and the requirements of the policies on management of state-owned assets, foreign investment, and industry regulation, among others, determine the amount and proportion of shares whose circulation is applied for on their own through consultation, and entrust H-share companies with undergoing the recordation formalities with the CSRC. A domestic unlisted company limited by shares may undergo the recordation formalities with the CSRC in respect of "full circulation" while applying for overseas initial public offering and listing. A shareholder of domestic unlisted shares shall, according to the relevant business rules of China Securities Depository and Clearing Corporation Limited (the "CSDC"), handle registration of transfer of shares, undergo

the formalities of registration of shares, and quotation and listing of shares, among others, according to the relevant provisions of the Hong Kong market, and conduct information disclosure according to the law and regulations. H-share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application are transferred to the CSDC.

INTERNATIONAL SANCTIONS LAWS AND REGULATIONS

Our International Sanctions Legal Adviser has provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the U.S., the European Union, the UK, the United Nations and Australian sanctions in their entirety.

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organised under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions programme and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorisation or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on 12 October 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "UNSC") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As at 1 January 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until 31 December 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from 1 January 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. Export Controls

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. The United States has increased export controls restrictions on China through the Export Administration Regulations (the "EAR"), administered by the BIS, which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organisations, individuals and other types of legal persons (the "Entity List"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the "Commerce Control List"). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement's List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number ("ECCN"). Each ECCN is subject to the respective control(s) and licensing requirement applicable for sales to controlled countries and/or entities.

U.S. Tariffs

On 14 May 2024, the Office of the United State Trade Representative announced a plan to raise the tariff rate applicable to U.S. imports of electric vehicles from China from 25% to 100%. On 13 September 2024, the United States Trade Representative announced the final Section 301 tariff increases on imports from China, which imposed a tariff rate of 100% effective from 27 September 2024. China responded with increased tariffs. Since February 2025, both countries raised reciprocal tariffs on each other's imported goods to 125%.

However, on 12 May 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. On 12 August 2025, both the U.S. and China announced to extend these tariff measures for another 90 days.

U.S. Outbound Investment Rule

On 28 October 2024, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "Final Rule"), which became effective on 2 January 2025. The Final Rule implements a regulatory framework for certain U.S. investments into China (including Hong Kong and Macau) in entities engaged in activities involving sensitive technologies critical to national securities in three sectors, namely, (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems ("AI systems") with applications that pose national security risks, collectively defined as "Covered Foreign Persons". The program would prohibit U.S. persons from undertaking certain transactions and require notification by U.S. persons on certain investments in Covered Foreign Persons.

OVERVIEW

Our history can be traced back to April 1999, when our predecessor company, Shandong Sinder, was established by Mr. Li Zhaoyang, our executive Director, president, chairperson of our Board, and our Controlling Shareholder. Mr. Li Zhaoyang has led the overall operations and management of our Group since he founded our Company in April 1999. For more details of the experience and qualifications of Mr. Li Zhaoyang, see the section headed "Directors, Supervisors and Senior Management". Since then, we have become an animal health company in the PRC. We primarily engage in R&D, production and sales of a comprehensive range of animal health and ancillary products including veterinary biological products (such as vaccines, antibodies, transfer factors etc.), traditional Chinese veterinary medicines, chemical and drug formulations and animal feed and feed additives to achieve the prevention, diagnosis, and treatment and control of diseases in poultry, livestock, aquatic animals and pets.

In September 2007, Shandong Sinder was converted into a joint stock company with limited liability under the laws of the PRC, and thereby became our Company. During the years, our Company had undertaken a series of equity transfers, capital injections and acquisitions to, amongst other reasons, raise funds for the development of our business, strengthen our manufacturing and production capabilities, expand our product portfolio and diversify our shareholder base.

BUSINESS DEVELOPMENT MILESTONES

The following table summarises the key milestones in our business development:

Year	Milestone
1999	Shandong Sinder was established as a limited liability company in the PRC on 2 April 1999, and was primarily focused on the animal health business, including the production and sale of chemical drugs, disinfectants and related products.
2004	Beijing Sinder, our wholly-owned subsidiary, was established in December 2004, and since then, our Group commenced the R&D, production and sales of animal vaccines.
2005	On 16 June 2005, Shandong Sinder was converted into a sino-foreign joint venture enterprise in order to facilitate business expansion and attract international investment following Intime International's participation as a foreign investor.
2007	On 12 September 2007, Shandong Sinder was converted into a joint stock company with limited liability under the laws of the PRC.
2009	Shandong Sinder Animal Vaccine, our wholly-owned subsidiary, was established on 25 June 2009 and became the first domestic enterprise to obtain approval from the Ministry of Agriculture to conduct research using cell suspension culture technology for manufacturing inactivated vaccines against highly pathogenic avian influenza. We constructed the first GMP-compliant production line in the PRC for refined egg yolk antibodies, which were subsequently granted the National Class II new veterinary drug certificate.
2010	We established the first GMP-compliant production line and production workshop in the PRC for spleen transfer factor, with our independently developed spleen transfer factor being granted the National Class III new veterinary drug certificate.
2013	We successfully developed and launched our highly pathogenic avian influenza virus inactivated vaccine, developed with suspension culture technology in the PRC market.
2015	We finished construction of the Qingdao R&D centre, an approximately 25,000-square-metre R&D base in Laoshan District, Qingdao, comprising a testing centre, research institute and R&D centre.
2016	Our Group entered into a strategic partnership with Sumitomo Corporation, a Fortune Global 500 company, pursuant to which Sumitomo Corporation has become the second largest shareholder of our Company as to 25.00%.
2020	Our Group's BSL3 avian influenza inactivated vaccine workshop passed GMP inspection.

Year	Milestone
2021	Our Group's subunit vaccine workshop passed GMP inspection.
	The construction of our BSL3 laboratory was completed, which passed third-party environmental testing.
	We completed the construction of our Advanced Biologics Smart Manufacturing Park (高級別生物製品智能製造園區).
2023	In April 2023, our Group successfully acquired 100% equity in Shandong Haili, thereby enhancing our livestock product production line.
2024	We have established an International Business Centre (國際業務中心), a department of our Company headquartered in the PRC and based in Qingdao, to enhance and drive international business development and expand our operations in Pakistan, Egypt, Vietnam, Nigeria and other countries.

OUR MAJOR SUBSIDIARIES

As at the Latest Practicable Date, we have 21 subsidiaries, among which we have identified the following five major subsidiaries which made a material contribution to our results of operation during the Track Record Period. Details of each major subsidiary are set forth below:

Subsidiaries	Date and place of incorporation	Registered capital as at the Latest Practicable Date	Principal business activities	Equity interest attributable to our Group
Beijing Sinder	13 December 2004; PRC	RMB60,000,000	R&D, manufacture and sale of veterinary pharmaceutical products	100%
Shandong Haili	26 October 2020; PRC	RMB150,000,000	R&D, manufacture and sale of veterinary pharmaceutical products	100%
Qingdao Sinder	24 April 2002; PRC	RMB20,000,000	Sale of veterinary pharmaceutical products	100%
Shandong Sinder Animal Vaccine	25 June 2009; PRC	RMB60,000,000	R&D, manufacture and sale of veterinary pharmaceutical products	100%
Qingdao Xingfu*(Note)*	25 May 2016; PRC	RMB7,550,000	Production, wholesale and retail of hyperimmune eggs	95.5%

Note: As at the Latest Practicable Date, Qingdao Xingfu was owned as to 4.5% by Weifang Dinglu Investment Partnership (Limited Partnership)* (濰坊鼎魯投資合夥企業(有限合夥)), which in turn is held as to 29.41% by its executive partner Li Xiangliang (李相亮) and as to 29.41% by Guan Qingfeng (管清峰). Weifang Dinglu Investment Partnership (Limited Partnership)* (濰坊鼎魯投資合夥企業(有限合夥)), Li Xiangliang (李相亮) and Guan Qingfeng (管清峰) are Independent Third Parties.

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of Shandong Sinder

On 2 April 1999, Shandong Sinder was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB500,000. At the time of establishment, our Company was held as to 37.68% by Mr. Li Zhaoyang, 14.00% by Mr. Han Shusheng (韓樹盛), 12.00% by Ms. Wang Guifang (王桂芳), with the remainder held by 11 other individual subscribers. The capital structure of Shandong Sinder upon incorporation is set forth in the table below:

Subscribers	Registered capital subscribed for	Approximate corresponding equity interest in our Company
	(RMB)	*(%)*
Mr. Li Zhaoyang	188,400	37.68
Mr. Han Shusheng (韓樹盛)	70,000	14.00
Ms. Wang Guifang (王桂芳)	60,000	12.00
Mr. Yin Chongshan (尹崇山)	26,600	5.32
Mr. Lou Zongliang (婁宗亮)	30,000	6.00

Subscribers	Registered capital subscribed for	Approximate corresponding equity interest in our Company
	(RMB)	*(%)*
Ms. Meng Xiangxia (孟祥霞)	30,000	6.00
Mr. Dong Yankai (董硯凱)	25,000	5.00
Mr. Wang Yongsheng (王永生)	10,000	2.00
Mr. Song Baiping (宋柏平)	10,000	2.00
Mr. Song Guozhu (宋國柱)	10,000	2.00
Mr. Jiang Qiang (姜強)	10,000	2.00
Mr. Zhao Bingguang (趙炳光)	10,000	2.00
Mr. Gong Jigang (宮繼剛)	10,000	2.00
Ms. Guo Xiuzhen (郭秀珍)	10,000	2.00
Total	**500,000**	**100.00**

Notes:

(1) The registered capital of Shandong Sinder was subscribed for by all promoters by way of cash.

(2) Save for Ms. Wang Guifang (王桂芳), all of the initial subscribers were employees of our Company at the time of their subscription, and some remained employees of our Company as at the Latest Practicable Date, and Independent Third Parties.

(3) Ms. Wang Guifang (王桂芳) is the spouse of Mr. Qiao Yanliang (喬彥良), our chief supervisor.

(4) To the best knowledge of our Directors, save for Mr. Li Zhaoyang and Ms. Wang Guifang (王桂芳), all other initial subscribers of our Company are Independent Third Parties.

Conversion into a Sino-Foreign Joint Venture

After a series of equity transfers and capital injections, Shandong Sinder was held as to approximately 55.38% by Mr. Li Zhaoyang with the remainder held by 43 other individual subscribers, none of which held over 5.00% of the share capital. On 18 April 2005, Shandong Sinder entered into a sino-foreign joint venture agreement with Intime International, pursuant to which Intime International agreed to invest in Shandong Sinder by injecting USD201,500 as registered capital. The amount of capital contribution was determined after arm's length negotiations between the parties. The investment was fully settled by Intime International by way of cash on 30 August 2005. On 16 June 2005, the registration regarding conversion into a sino-foreign joint venture was completed with the Weifang Municipal Administration for Industry and Commerce (濰坊市工商局) and the registered capital of Shandong Sinder was increased from RMB5,000,000 to USD806,100.

Upon completion, the capital structure of Shandong Sinder is set forth in the table below:

Subscribers	Registered capital subscribed for	Approximate corresponding equity interest in our Company
	(USD)	*(%)*
Mr. Li Zhaoyang	334,800	41.53
Intime International[(1)]	201,500	25.00
43 other individual shareholders[(2)(3)]	269,800	33.47
Total	**806,100**	**100.00**

Notes:

(1) Having recognised the business prospects and growth potential of Shandong Sinder, Intime International agreed to invest in Shandong Sinder. At the relevant time, Intime International was wholly owned by Mr. Lu Zhongshou (盧忠授). As part of Shandong Sinder's overseas expansion strategy in 2005, Shandong Sinder became acquainted with Mr. Lu Zhongshou (盧忠授) through a friend of a member of our Company's management, and thereafter reached an agreement with him (the "**Cooperation Framework Agreement**"). Both Intime International and Mr. Lu Zhongshou (盧忠授) were Independent Third Parties. On 29 October 2007, in accordance with the arrangements set out in the Cooperation Framework Agreement, Intime International was acquired by Hong Kong Sinder which was wholly owned by Mr. Li Zhaoyang. As at the Latest Practicable Date, Mr. Li Zhaoyang owns 100% of the equity interest in Hong Kong Sinder, which in turn holds 100% of the equity interest in Intime International.

(2) To the best knowledge of our Directors, save for Mr. Li Zhaoyang and Ms. Wang Guifang (王桂芳), each of the 42 other individual subscribers of Shandong Sinder are Independent Third Parties.

(3) Mr. Zheng Degao (鄭德高) is an industry participant and an Independent Third Party, who came to know our Company through his involvement in the animal healthcare industry in the PRC. In September 2002, prior to the conversion of Shandong Sinder into a Sino-foreign joint venture, Mr. Zheng Degao (鄭德高) decided to invest in Shandong Sinder by subscribing for RMB100,000 registered capital because he recognised our execution capability, industry prospects and growth potential.

(2) Conversion into a Joint Stock Company with Limited Liability and Major Shareholding Changes after the Conversion

(a) Conversion into a Joint Stock Company with Limited Liability

On 8 July 2007, the then-shareholders of Shandong Sinder entered into an agreement whereby they agreed to jointly act as promoters and to convert our Company into a joint stock company with limited liability by way of conversion of the net assets of Shandong Sinder into shares. Upon the completion of registration with the Shandong Provincial Administration for Industry and Commerce (山東省工商行政管理局) on 12 September 2007, we became a joint stock company with limited liability.

Immediately upon completion of the said conversion, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares subscribed for	Approximate corresponding shareholding interest in our Company
		(%)
Mr. Li Zhaoyang	16,890,750	37.54
Intime International	12,599,550	27.99
Shanghai Nami Venture Capital Co., Ltd.* (上海納米創業投資有限公司) ("**Shanghai Nami**")[1]	2,250,000	5.00
Shanghai Hongyi Investment Co., Ltd.* (上海鴻亦投資有限公司) ("**Shanghai Hongyi**")[2]	1,800,000	4.00
Sany HK	1,800,000	4.00
Mr. Han Shusheng (韓樹盛)	1,350,000	3.00
Mr. Lou Zongliang (婁宗亮)	1,012,500	2.25
Mr. Dai Bao (戴寶)	675,000	1.50
Mr. Zheng Degao (鄭德高)	675,000	1.50
Mr. Song Guozhu (宋國柱)	675,000	1.50
Mr. Zhao Bingguang (趙炳光)	607,500	1.35
Other shareholders[3][4]	4,664,700	10.37
Total	**45,000,000**	**100.00**

Notes:

(1) Shanghai Nami is a limited liability company established in the PRC on 28 March 2000 and is held as to 75% by Chen Jinxia (陳金霞), together with other minority shareholders whose individual shareholding do not exceed 30%, all of whom are Independent Third Parties.

(2) Shanghai Hongyi is a limited liability company established in the PRC on 24 November 2005 and is owned as to 58.8% by Shanghai Guoling Investment Co., Ltd* (上海果嶺投資有限公司), which in turn is held as to 50% by Wang Xufeng (王旭鳳) and 50% by Wang Xuli (王旭麗), respectively, who are Independent Third Parties.

(3) Our other shareholders include 23 other individual Shareholders and Suzhou Haijing Information Technology Group Co., Ltd.* (蘇州海競信息科技集團有限公司) ("**Suzhou Haijing**"), each of which held less than 1% of the shareholding interest in our Company. Save for Ms. Wang Guifang (王桂芳), all of our other shareholders are Independent Third Parties.

(4) Save for Ms. Wang Guifang (王桂芳) and Mr. Zheng Degao (鄭德高), who were not employees of our Company, all of the remaining individual shareholders were employees of our Company at the time of their subscription, and some remained employees of our Company as at the Latest Practicable Date.

(b) Series A Financing in February 2016

Pursuant to the capital increase agreement dated 22 December 2015 between our Company, Mr. Li Zhaoyang, Intime International and Sumitomo Corporation, our Company agreed to issue 7,631,250 new Shares to Sumitomo Corporation (representing approximately 14.00% of the enlarged registered capital of our Company) at a price of RMB10.61 per Share for a total consideration of RMB81,000,000, of which RMB7,631,250 was injected as registered capital and the remaining amount was recorded as capital reserve. The consideration was determined on the basis of arm's length negotiations between each respective party taking into account the underlying cost of the registered capital together with a 5% premium which, to the best knowledge of our Directors, was supported by an independent professional valuation on equity interests commissioned by Sumitomo Corporation. The consideration was settled by Sumitomo Corporation by way of cash on 8 March 2016 and registration of the capital increase was completed with the Shandong Provincial Administration for Industry and Commerce (山東省工商行政管理局) on 3 February 2016. Sumitomo Corporation is a [**REDACTED**] Investor. For further details, see "The [**REDACTED**] Investments — (4) Information about Our [**REDACTED**] Investors" in this section.

On the same day, two individual Shareholders, Mr. Guan Tingyi (管廷一) and Mr. Liu Xianggui (劉祥桂) signed share transfer agreements with Mr. Yin Chongshan (尹崇山), pursuant to which they agreed to transfer their entire shareholding in our Company of 337,500 Shares and 67,500 Shares respectively (representing approximately 0.72% and 0.14% of the shareholding interests of our Company) to Mr. Yin Chongshan (尹崇山) for a total consideration of RMB337,500 and RMB67,500 respectively. The consideration was determined after arm's length commercial negotiations between the investor with a par value of RMB1 per Share with reference to the historical investment cost of the selling shareholders. Mr. Yin Chongshan (尹崇山) is an Independent Third Party and an employee of our Company at the time of such transfer. Upon completion of the above share transfers, Mr. Guan Tingyi (管廷一) and Mr. Liu Xianggui (劉祥桂) ceased to be our Shareholders.

On 24 December 2015, Sumitomo Corporation signed separate share transfer contracts with Shanghai Hongyi, Shanghai Nami and CAH Holding Co., Limited* (旭寶控股有限公司) ("**CAH Holding**")[1], whereby Shanghai Hongyi, Shanghai Nami and CAH Holding agreed to transfer their entire shareholding in our Company of 1,800,000 Shares, 2,250,000 Shares, and 1,945,312.5 Shares respectively (representing approximately 3.84%, 4.80% and 4.15% of the shareholding interests in our Company and at a price of RMB8.30, RMB12.08 and RMB22.94 per Share, respectively) to Sumitomo Corporation for a total consideration of RMB14,948,931, RMB27,177,123, and RMB44,624,026 respectively. The consideration was determined on the basis of arm's length negotiations between the relevant selling shareholder and Sumitomo Corporation without involvement of our Company, with each selling shareholder's exit price reflecting its own historical investment cost together with an annual rate of return determined internally by such selling shareholder with reference to the earnings per share, the financial results at the time, the overall business performance and the future prospects of our Company and was fully settled by cash on 8 March 2016.

Upon completion of the aforesaid share transfers and capital increase on 17 March 2016, Shanghai Hongyi, Shanghai Nami and CAH Holding ceased to be our Shareholders and the total registered capital of our Company increased to RMB54,506,250, corresponding to 54,506,250 Shares.

(c) Series B Financing in August 2021

In June 2021, our Company, Mr. Li Zhaoyang, and Intime International entered into capital increase agreements with six investors, namely the 2021 Investors. The 2021 Investors agreed to subscribe for an aggregate of 5,869,903 new Shares (representing approximately 9.72% shareholding interest in our Company upon completion of the capital increase) in our Company for a subscription price of RMB47.7 per Share and a total consideration of RMB280,000,000. The amount of consideration was determined after arm's length negotiations among the parties with reference to the earnings per share, the financial results at the time, the overall business performance and the future prospects of our Company. The consideration was fully settled by the 2021 Investors by way of cash in 2021.

The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Date of agreements	Subscribers	Number of Shares subscribed for	Consideration	Settlement date of the consideration	Approximate corresponding shareholding interests in our Company (upon completion of the capital increase)
			(RMB)		*(%)*
11 June 2021 . .	Shandong Jifu	1,677,115	80,000,000	22 June 2021	2.78
15 June 2021 . .	Zhongtai Venture Capital	1,048,197	50,000,000	22 June 2021	1.74
23 June 2021 . .	Qingdao Future Gold	1,048,197	50,000,000	6 July 2021	1.74

(1) CAH Holding initially became a shareholder of our Company in November 2008, when Suzhou Haijing transferred 315,000 Shares (representing approximately 0.7% of the shareholding interests in our Company at the relevant time) to CAH Holding pursuant to a share purchase agreement dated 17 October 2008, at a consideration of RMB5,512,500.

Date of agreements	Subscribers	Number of Shares subscribed for	Consideration	Settlement date of the consideration	Approximate corresponding shareholding interests in our Company (upon completion of the capital increase)
			(RMB)		*(%)*
11 June 2021 . .	Qingdao Songheng	1,048,197	50,000,000	9 September 2021	1.74
23 June 2021 . .	Qingdao Songyang	628,918	30,000,000	21 July 2021	1.04
11 June 2021 . .	Qingdao Songhua	419,279	20,000,000	29 June 2021	0.69
Total		**5,869,903**	**280,000,000**		**9.72**

Pursuant to a Shareholders resolution of our Company dated 20 July 2021, the registered capital of our Company increased from RMB54,506,250 to RMB60,376,153**.** The aforementioned capital increase was completed on 9 September 2021. Each of the 2021 Investors is a [**REDACTED**] Investor. For further details, see "The [**REDACTED**] Investments — (4) Information about Our [**REDACTED**] Investors" in this section.

(d) Share Transfer in August 2022

In 2022, Qingdao Songheng entered into a share transfer agreement with Qingdao Songyu Venture Capital Fund Partnership (Limited Partnership)* (青島松玉創業投資基金合夥企業(有限合夥)) ("**Qingdao Songyu**") pursuant to which Qingdao Songheng agreed to transfer 419,279 Shares in our Company (representing approximately 0.69% of the then registered capital of our Company) to Qingdao Songyu at a price of RMB47.7 per Share and a total consideration of RMB20,000,000. The consideration was determined on the basis of arm's length negotiations between each respective party taking into account the earnings per share, the financial results at the time, the overall business performance and the future prospects of our Company, and was fully settled by Qingdao Songyu by way of cash on 16 August 2022.

Upon completion of the aforementioned transfer of Shares, Qingdao Songyu held 419,279 Shares (representing approximately 0.69% of the then registered share capital of our Company) and Qingdao Songheng held 628,918 Shares (representing approximately 1.04% of the then registered share capital of our Company). Qingdao Songyu is a [**REDACTED**] Investor. For further details, see "The [**REDACTED**] Investments — (4) Information about Our [**REDACTED**] Investors" in this section.

(e) Share Transfer in September 2023

On 30 August 2023 and 25 September 2023, eight individual Shareholders, namely Mr. Han Shusheng (韓樹盛), Mr. Zheng Degao (鄭德高), Mr. Song Guozhu (宋國柱), Mr. Dong Yankai (董硯凱), Mr. Li Mingyou (李明友), Mr. Liang Jie (梁傑), Mr. Han Xiaodong (韓小東) and Ms. Liu Fengrong (劉鳳榮) entered into share transfer agreements with Weifang Miaosuan, one of our ESOP Platforms, pursuant to which they agreed to transfer an aggregate of 1,080,000 Shares (representing approximately 1.79% shareholding interest in our Company) in our Company to Weifang Miaosuan for a total consideration of RMB16,405,200.

On 29 August 2023, 18 September 2023 and 25 September 2023, a further seven individual Shareholders Mr. Dai Bao (戴寶), Mr. Zhao Bingguang (趙炳光), Mr. Wang Yongsheng (王永生), Mr. Yin Chongshan (尹崇山), Mr. Wu Yingbin (吳英斌), Mr. Tai Mujian (台木儉), and Ms. Guo Xiuzhen (郭秀珍) entered into share transfer agreements with Weifang Jisheng, one of our ESOP Platforms, pursuant to which they agreed to transfer an aggregate of 1,040,000 Shares (representing approximately 1.72% shareholding interest in our Company) in our Company to Weifang Jisheng for a total consideration of RMB15,797,600.

These transfers were effected to implement our employee incentive arrangements, whereby Shares are held through designated ESOP Platforms to facilitate the grant of shareholding interests to eligible employees. The ESOP Platforms, namely Weifang Miaosuan and Weifang Jisheng, are limited partnerships established to hold Shares on behalf of employees and to administer our employee share ownership plan. The grant price of RMB15.19 per Share was determined with reference to, among others, the audited net asset price per Share as at 31 December 2022 prepared under China Accounting Standards for Business Enterprises. For further details of Weifang Miaosuan and Weifang Jisheng, please refer to the section headed "— Employee Stock Ownership Platforms" below.

(f) Series C Financing in August 2025

Between August and October 2025, certain of our Shareholders entered into share transfer agreements with Shanxi Jinxiu Elephant Agriculture and Animal Husbandry Group Co., Ltd.* (山西錦繡大象農牧集團股份有限公司) ("**Shanxi Jinxiu**"), Dalian Dexin Changsheng Investment Partnership (Limited Partnership)* (大連德信常勝投資合夥企業(有限合夥)) ("**Dalian Dexin**"), Zhucheng Yihe Vehicle Bridge Co., Ltd.* (諸城市義和車橋有限公司) ("**Zhucheng Yihe**") and Mr. Luan Tianyu (欒天宇).

The names of the relevant transferors and respective number of Shares transferred in respect of each of the transfers were as follows:

Date of Agreement	Transferor	Transferee	Number of Shares	Consideration	Settlement date of the consideration	Transfer price per Share	Approximate corresponding shareholding interest in our Company
				(RMB)		*(RMB)*	*(%)*
31 August 2025. .	Shandong Jifu	Shanxi Jinxiu	342,648	20,377,486	11 September 2025	59.5	0.57
31 August 2025. .	Mr. Wang Yongsheng (王永生)	Shanxi Jinxiu	123,621	1,792,514	30 October 2025	14.5	0.20
31 August 2025. .	Mr. Zheng Degao (鄭德高)	Shanxi Jinxiu	540,000	7,830,000	30 October 2025	14.5	0.89
1 September 2025.	Shandong Jifu	Dalian Dexin	159,902	9,509,494	16 September 2025	59.5	0.26
1 September 2025.	Mr. Li Mingyou (李明友)	Dalian Dexin	127,200	1,844,400	23 October 2025	14.5	0.21
1 September 2025.	Mr. Qiu Shenghua (邱升華)	Dalian Dexin	100,000	1,450,000	23 October 2025	14.5	0.17
1 September 2025.	Mr. Zheng Haiquan (鄭海泉)	Dalian Dexin	82,490	1,196,106	23 October 2025	14.5	0.14
1 September 2025.	Shandong Jifu	Zhucheng Yihe	571,079	33,962,477	10 September 2025	59.5	0.95
1 September 2025.	Mr. Han Shusheng (韓樹盛)	Zhucheng Yihe	460,000	6,670,000	23 October 2025	14.5	0.76
1 September 2025.	Mr. Li Xiang'an (李相安)	Zhucheng Yihe	137,500	1,993,750	23 October 2025	14.5	0.23
1 September 2025.	Mr. Song Guozhu (宋國柱)	Zhucheng Yihe	174,536	2,530,773	23 October 2025	14.5	0.29
1 September 2025.	Mr. Yin Chongshan (尹崇山)	Zhucheng Yihe	334,000	4,843,000	23 October 2025	14.5	0.55
16 October 2025 .	Shandong Jifu	Mr. Luan Tianyu (欒天宇)	603,486	34,432,380	19 October 2025	57.1	1.00
25 October 2025 .	Mr. Lou Zongliang (婁宗亮)	Mr. Luan Tianyu (欒天宇)	400,000	5,800,000	31 October 2025	14.5	0.66
25 October 2025 .	Mr. Zhao Bingguang (趙炳光)	Mr. Luan Tianyu (欒天宇)	200,000	2,900,000	31 October 2025	14.5	0.33
25 October 2025 .	Ms. Wang Guifang (王桂芳)	Mr. Luan Tianyu (欒天宇)	162,000	2,349,000	31 October 2025	14.5	0.27
25 October 2025 .	Mr. Dong Yankai (董硯凱)	Mr. Luan Tianyu (欒天宇)	128,000	1,856,000	31 October 2025	14.5	0.21
25 October 2025 .	Mr. Wang Guilin (王桂林)	Mr. Luan Tianyu (欒天宇)	121,500	1,761,750	31 October 2025	14.5	0.20
25 October 2025 .	Ms. Meng Xiangxia (孟祥霞)	Mr. Luan Tianyu (欒天宇)	15,000	217,500	31 October 2025	14.5	0.02
25 October 2025 .	Mr. Yang Yufeng (楊玉峰)	Mr. Luan Tianyu (欒天宇)	13,500	195,750	31 October 2025	14.5	0.02
25 October 2025 .	Mr. Song Guozhu (宋國柱)	Mr. Luan Tianyu (欒天宇)	33,629	487,620	31 October 2025	14.5	0.06
Total			**4,830,091**	**144,000,000**			**7.99**

Each of Shanxi Jinxiu, Dalian Dexin, Zhucheng Yihe and Mr. Luan Tianyu (欒天宇) is a [**REDACTED**] Investor. For further details, see "The [**REDACTED**] Investments — (4) Information about Our [**REDACTED**] Investors" in this section. The consideration for each of the equity transfers was determined after arm's length commercial negotiations between the investor and each of the respective individual transferors having considered their respective expected rates of return, taking into account the price at which the selling shareholder had originally acquired the relevant Shares, our Company's operational scale and the anticipated growth prospects of our Company as assessed by the incoming investors.

Upon completion of the aforesaid share transfers, the registered capital of our Company remained unchanged at RMB60,376,153.

(g) Capital Increase in December 2025

Pursuant to a shareholders' resolution passed on 26 November 2025, our Company capitalised RMB71,536,360 from its capital reserve and issued 71,536,360 new Shares, each with a registered capital of RMB1.00. Prior to the capitalisation, the registered capital of our Company was RMB60,376,153, which increased to RMB131,912,513 upon completion.

The capitalisation was implemented in two steps. In the first step, the registered capital of our Company increased from RMB60,376,153 to RMB65,956,257. In this step, based on an agreed adjustment to the valuation of historical investments under each of the subscription agreements entered into with the Eight Adjusting Shareholders (as defined below), reflecting contractual mechanisms linked to our Company's performance conditions, the shareholding

percentages of eight Shareholders, namely Mr. Li Zhaoyang, Intime International, Qingdao Future Gold, Zhongtai Venture Capital, Qingdao Songheng, Qingdao Songyang, Qingdao Songhua and Qingdao Songyu (collectively, the "**Eight Adjusting Shareholders**"), were adjusted, while their aggregate shareholding percentage remained unchanged. The number of Shares held by Mr. Li Zhaoyang and Intime International remained the same before and after the first step, but their shareholding percentages decreased. The shareholding percentages of the other six Shareholders increased correspondingly. The shareholding percentages of all other Shareholders remained unchanged, and their Shares were capitalised at a ratio of 0.9242 new Shares for every 10 existing Shares.

In the second step, the registered capital of our Company increased from RMB65,956,257 to RMB131,912,513 and all Shareholders (including the Eight Adjusting Shareholders) capitalised their Shares at a ratio of 10 new Shares for every 10 existing Shares. The shareholding percentages of all Shareholders remained unchanged before and after the second step.

Upon completion of the above capital increase (the "**Capital Increase in December 2025**"), the shareholding structure of our Company is set forth in the table below:

Shareholders	Number of Shares subscribed for	Approximate corresponding shareholding interest in our Company
		(%)
Mr. Li Zhaoyang	34,270,874	25.98
Sumitomo Corporation	29,771,923	22.57
Intime International	25,199,100	19.10
Sany HK	3,932,720	2.98
Qingdao Future Gold	3,664,236	2.78
Zhongtai Venture Capital	3,664,236	2.78
Zhucheng Yihe	3,664,236	2.78
Mr. Luan Tianyu (欒天宇)	3,664,236	2.78
Weifang Miaosuan	2,359,632	1.79
Weifang Jisheng	2,272,238	1.72
Shanxi Jinxiu	2,198,541	1.67
Qingdao Songheng	2,198,541	1.67
Qingdao Songyang	2,198,541	1.67
Mr. Han Shusheng (韓樹盛)	1,507,543	1.14
Qingdao Songhua	1,465,695	1.11
Qingdao Songyu	1,465,695	1.11
Mr. Lou Zongliang (婁宗亮)	1,338,217	1.01
Dalian Dexin	1,025,986	0.78
Other Shareholders*(Note)*	6,050,323	4.59
Total	**131,912,513**	**100.00**

Note: Other Shareholders included Mr. Dai Bao (戴寶), Mr. Song Guozhu (宋國柱), Mr. Zhao Bingguang (趙炳光), Ms. Wang Guifang (王桂芳), Mr. Li Xiang'an (李相安), Mr. Dong Yankai (董硯凱), Mr. Wang Yongsheng (王永生), Mr. Wang Guilin (王桂林), Mr. Gong Jigang (宮繼剛), Mr. Yin Chongshan (尹崇山), Ms. Meng Xiangxia (孟祥霞), Mr. Zheng Haiquan (鄭海泉), Mr. An Yujing (安玉京), Mr. Cui Zengxue (崔增學), Mr. Wang Haiyong (王海永), Mr. Qiu Shenghua (邱昇華) and Mr. Yang Yufeng (楊玉峰), who individually held less than 1% shareholding interests in our Company.

(h) Share Transfer in July 2026

On 22 July 2026, Mr. Luan Tianyu (欒天宇) entered into a share transfer agreement with Shanxi Jinxiu pursuant to which Mr. Luan Tianyu (欒天宇) agreed to transfer 1,465,695 Shares (representing approximately 1.11% shareholding interest in our Company) to Shanxi Jinxiu at a price of RMB13.65 per Share and a total consideration of RMB20,000,000. The consideration was determined on the basis of arm's length negotiations between each respective party with reference to Mr. Luan Tianyu's (欒天宇) original investment cost in the Series C Financing in August 2025, and was fully settled by Shanxi Jinxiu by way of cash on 23 July 2026.

Upon completion of the aforementioned transfer of Shares, Mr. Luan Tianyu (欒天宇) held 2,198,541 Shares (representing approximately 1.67% shareholding interest of our Company) and Shanxi Jinxiu held 3,664,236 Shares (representing approximately 2.78% shareholding interest of our Company). Mr. Luan Tianyu (欒天宇) and Shanxi Jinxiu are [**REDACTED**] Investors. For further details, see "The [**REDACTED**] Investments — (4) Information about Our [**REDACTED**] Investors" in this section.

EMPLOYEE STOCK OWNERSHIP PLATFORMS

In recognition of the contributions of our employees to our Group's development, Weifang Miaosuan and Weifang Jisheng were established as our ESOP Platforms.

(1) Weifang Miaosuan

Weifang Miaosuan was established as a limited partnership under the laws of the PRC on 11 July 2023. Mr. DONG Tao (董濤), our executive Director, chief financial officer and executive vice president is the general partner of Weifang Miaosuan and is responsible for the management of Weifang Miaosuan. As at the Latest Practicable Date, Weifang Miaosuan had 46 limited partners, including four members of senior management, namely Mr. CUI Guangchao (崔廣超), Mr. SONG Qingqing (宋慶慶), Ms. ZHENG Shuwen (鄭舒文) and Mr. PEI Guangqing (裴廣慶), and 42 existing employees of our Group, and directly held approximately 1.79% shareholding interest in our Company.

(2) Weifang Jisheng

Weifang Jisheng was established as a limited partnership under the laws of the PRC on 11 July 2023. Mr. GUO Lei (郭磊), a member of our senior management team, is the general partner of Weifang Jisheng and is responsible for the management of Weifang Jisheng. As at the Latest Practicable Date, Weifang Jisheng had 37 limited partners, including two members of our senior management, namely Mr. MIN Xiangping (閔祥平) and Mr. REN Guoxin (任國鑫) and 35 existing employees of our Group, and directly held approximately 1.72% shareholding interest in our Company.

For further details of our ESOP Platforms, please refer to "— Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VI to this document.

EMPLOYEE INCENTIVE SCHEMES

We have adopted the Employee Incentive Schemes, the purpose of which is to incentivise key management personnel who have made contribution to our Group's development.

For details of the Employee Incentive Schemes, please refer to "— Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VI to this document.

THE [REDACTED] INVESTMENTS

(1) Principal terms of the [REDACTED] Investments

The following table summarises the key terms of the [**REDACTED**] Investments:

	Series A Financing	Series B Financing and Share Transfer in August 2022	Series C Financing	Share Transfer in July 2026[10]
Date(s) of agreement(s)	22 December 2015; 24 December 2015	11 June 2021; 15 June 2021; 23 June 2021; August 2022	31 August 2025; 1 September 2025; 16 October 2025; 25 October 2025	22 July 2026
[REDACTED] Investors	Sumitomo Corporation	Zhongtai Venture Capital, Qingdao Future Gold, Qingdao Songheng, Qingdao Songyang, Qingdao Songhua, Qingdao Songyu	Shanxi Jinxiu, Dalian Dexin, Zhucheng Yihe, Mr. Luan Tianyu (欒天宇)	Shanxi Jinxiu
Amount of registered capital/number of Shares subscribed for[1]	13,626,562.5 Shares	4,192,788 Shares[7][8]	4,830,091 Shares	1,465,695 Shares
Amount of registered capital/number of Shares after each round of the [REDACTED] Investments	54,506,250 Shares	60,376,153 Shares	60,376,153 Shares	131,912,513 Shares
Amount of consideration paid	RMB167,750,080	RMB200,000,000	RMB144,000,000	RMB20,000,000
Post-money valuation[2][3][4][5] *(approximate average)* (RMB million)	671.0	2,878.3	1,800.8	1,800.0

	Series A Financing	Series B Financing and Share Transfer in August 2022	Series C Financing	Share Transfer in July 2026[10]
Date of payment of full consideration	8 March 2016	9 September 2021	31 October 2025	23 July 2026
Cost per Share paid *(approximate average)* (RMB)	12.31	47.70	29.81	13.65
Discount to the [REDACTED][6] *(approximate average)*	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Basis of determination of the consideration	The considerations for each round of [**REDACTED**] Investments were determined based on arm's length negotiation between the relevant parties, after taking into consideration the timing of the investments, the earnings per share and our financial results at the time, as well as the overall business performance and the anticipated future prospects of our Company.			
Lock-up period	Pursuant to the applicable PRC laws, all existing Shareholders (including the [**REDACTED**] Investors) shall not dispose any of the Shares held by them within 12 months following the [**REDACTED**].			
[REDACTED] from the [REDACTED] Investments	[**REDACTED**] from the [**REDACTED**] Investments received by our Company have been utilised for the normal business needs of our Company, including but not limited to production equipment purchases, R&D expenses, talent introduction, marketing and promotion, and supplementary working capital. As at the Latest Practicable Date, the [**REDACTED**] from the [**REDACTED**] Investments had been fully utilised.			
Strategic benefits to our Company brought by the [REDACTED] Investors	At the time of the [**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the [**REDACTED**] Investors' investments in our Group and the knowledge and experience of the [**REDACTED**] Investors.			

Notes:

(1) For details relating to the registered capital of our Company subscribed for by or transferred to each [**REDACTED**] Investor and the corresponding consideration and the cost per share paid by each [**REDACTED**] Investor for each round of the [**REDACTED**] Investments, see "— Establishment and Development of Our Company" in this section.

(2) The increase in valuation from the equity transfer in April 2007 to the Series A Financing in December 2015 reflects primarily the passage of time and the development of our Group's business over such period. The equity transfer in April 2007 was effected at a time when our Group was at an early stage of establishment, whereas the Series A Financing was conducted more than eight years later, after our Group had commenced substantive operations and established a track record of revenue generation and business expansion.

(3) The increase in valuation from the Series A Financing in December 2015 to the Series B Financing in June 2021 reflects the advancement of our Group's business and operations during such period. In particular, our Group had expanded its product offerings, strengthened its customer base and enhanced its operational capabilities. The Series B Financing was conducted more than five years after the Series A Financing, during which our Group demonstrated sustained growth and improved financial performance.

(4) The decrease in valuation from the Series B Financing in June 2021 to the Series C Financing in August to October 2025 reflects the estimated valuation of our Company as perceived by the parties at the relevant time. In particular, the Series B Financing took place at a time when our Company had completed and commenced operation of a biosafety level 3 (P3) laboratory, a subunit vaccine facility and an advanced biologics intelligent manufacturing park, creating significant barriers to entry for competitors. By contrast, the Series C Financing was conducted in the context of an overall economic decline in 2024, alongside volatility in the global and PRC capital markets between 2022 and 2024. As a result, the Series C [**REDACTED**] Investors adopted a more cautious investment attitude.

(5) In December 2025, our Company capitalised RMB71,536,360 from the capital reserve and issued 71,536,360 new Shares, representing an overall increase of approximately 2.1848 times in the number of Shares, and the corresponding value per Share was adjusted on the same basis. The difference in valuation implied by the Series C Financing, which took place prior to the capitalisation in December 2025, and that of the Share Transfer in July 2026 primarily reflected the adjustment to the number of Shares and the corresponding per-Share price following the capitalisation in December 2025.

(6) Refers to the discount rate between the post-money valuation of our Company after each round of [**REDACTED**] Investments, compared to the implied valuation of our Company immediately before the [**REDACTED**] of RMB[2,897] million, as calculated with reference to the [**REDACTED**] of HKD[**REDACTED**] per share, being the mid-point of the [**REDACTED**] range and based on 131,912,513 Shares in issue immediately before the [**REDACTED**] (assuming that there will be no change in the issued share capital of our Company between the Latest Practicable Date and up to the date of the [**REDACTED**]).

(7) Upon completion of the transfer of all its shareholding in our Company to Shanxi Jinxiu, Dalian Dexin, Zhucheng Yihe and Mr. Luan Tianyu (欒天宇) on 19 October 2025, Shandong Jifu ceased to be a Shareholder. Accordingly, the number of Shares shown in this section represents the shares held by Zhongtai Venture Capital, Qingdao Future Gold, Qingdao Songyang, Qingdao Songyu, Qingdao Songheng and Qingdao Songhua as at the Latest Practicable Date.

(8) Not taking into account the Shares obtained by the Series B Investors pursuant to the agreed adjustment to valuation among the Eight Adjusting Shareholders.

(9) Less than 0.1%.

(10) The subject investment was conducted by way of share transfer between existing shareholders. For details, see "— (h) Share Transfer in July 2026".

(2) Rights of the [REDACTED] Investors

Pursuant to the respective capital increase agreements, equity transfer agreements and supplemental agreements of the [**REDACTED**] Investments, certain of the [**REDACTED**] Investors and our former Shareholder, namely Sumitomo Corporation, Qingdao Future Gold, Zhongtai Venture Capital, Qingdao Songheng, Qingdao Songhua, Qingdao Songyang, Qingdao Songyu, Shanxi Jinxiu, Zhucheng Yihe, Mr. Luan Tianyu (欒天宇) and Shandong Jifu, had been granted certain customary special rights. These include but are not limited to redemption rights granted by certain of our Controlling Shareholders, namely Mr. Li Zhaoyang and Intime International, director nomination rights, pre-emptive rights, information rights, anti-dilution rights and tag-along rights.

In anticipation of the [**REDACTED**], all of our [**REDACTED**] Investors entered into special rights termination agreements with our Company dated 31 August 2025, 1 September 2025, 22 October 2025, 24 October 2025, 25 October 2025, 28 October 2025, 23 December 2025 and 30 January 2026 (together, the "**Special Rights Termination Agreements**"), among which the joint and several guarantees (the "**Guarantees**") provided by our Company for the special rights granted by our Controlling Shareholders to Zhongtai Venture Capital and Shandong Jifu were unconditionally terminated and shall be deemed *void ab initio* in two agreements dated 24 October 2025 and 23 December 2025, respectively. Pursuant to the Special Rights Termination Agreements, each of the [**REDACTED**] Investors agreed that, among others, (i) the Guarantees provided by our Company shall have never had any legal effect and shall not be exercisable under any circumstance; and (ii) all other special rights granted to the relevant [**REDACTED**] Investors were terminated prior to the submission of our [**REDACTED**] application in accordance with the [**REDACTED**] Investment Guidance (as defined in the Guide for New Listing Applicants). The redemption rights granted by our Controlling Shareholders which have been terminated prior to the submission of our [**REDACTED**] application will be fully reinstated upon the date of occurrence of any one of the following events: (a) we withdraw our [**REDACTED**] application; (b) our [**REDACTED**] application is rejected; or (c) we terminate or abandon our [**REDACTED**] plans or fail to [**REDACTED**] for other reasons.

Article 143 of the Civil Code of the PRC stipulates that a civil legal act is valid if it is conducted by parties with the requisite capacity for civil conduct, is based on genuine intent, and does not contravene mandatory provisions of laws, administrative regulations, or public order and morals. In accordance with the PRC Civil Code and relevant laws and regulations of the PRC, our PRC Legal Adviser is of the view that each of the Special Rights Termination Agreements represents the genuine intention of all parties, does not contravene any mandatory provisions of PRC laws or administrative regulations, and is legally binding and effective on all parties. In particular, the Special Rights Termination Agreements stipulate that the Guarantees provided by our Company shall have never had any legal effect. This stipulation constitutes a new consensus between the relevant [**REDACTED**] Investors and our Company, which replaces the relevant provisions under the previous investment agreements and confirms that the [**REDACTED**] Investors shall not be entitled to request our Company to assume any guarantee liability, whether such liability accrued in the past, exists at present or may accrue in the future. Accordingly, the Guarantees provided by our Company under the previous investment agreements have no actual legal effect on any party in the past, present or future. In addition, our Company confirms that no [**REDACTED**] Investor has asserted or exercised any redemption rights during the Track Record Period and up to the Latest Practicable Date. Taking into account the above, and the legal opinion of our PRC Legal Adviser, our Directors consider that it was appropriate not to record any redemption or similar financial liabilities throughout the Track Record Period.

The presentation of the [**REDACTED**] Investments as equity is based on the view that the joint and several guarantee provided by our Company for the redemption right granted to Zhongtai Venture Capital and Shandong Jifu (who had sold their interest in 2025) by our Controlling Shareholders have no actual legal effect on any party in the past, present or future, the relevant instruments do not contain any contractual obligation to deliver cash or other financial assets and therefore meet the definition of equity under HKAS 32. To enable investors to understand the potential accounting implications of such rights, we have included a table showing the hypothetical impact on our Group's profit and loss and financial position assuming such rights had been accounted for as financial liabilities prior to the Special Rights Termination Agreements. Please refer to Note 27 to the Accountants' Report in Appendix I to this document.

Save as disclosed above, there are no other side agreements, understandings, arrangements or undertakings, verbal or in writing, between our Company (including any of our subsidiaries, their directors, supervisors, shareholders, senior management or any of their respective associates) and each of the [**REDACTED**] Investors (including their beneficial owners and directors), in relation to their investments in our Group, that are subsisting. Save for (i) the director nomination rights granted to Sumitomo Corporation, which it exercised by appointing Mr. SHIBATA Yosuke (柴田洋輔) and Mr. SONG Chengchao (宋誠超) to our Board; and (ii) the performance compensation right, which was implemented by Qingdao Future Gold, Zhongtai Venture Capital, Qingdao Songheng, Qingdao Songyang, Qingdao Songhua and Qingdao Songyu by way of the capital increase in December 2025, none of the other special rights granted to our [**REDACTED**] Investors, including the redemption rights, were exercised prior to their termination. For further details of the capital increase in December 2025, please refer to the paragraph headed "— Capital Increase in December 2025" in this section.

(3) Sole Sponsor's Confirmation

On the basis that (i) the considerations for the [**REDACTED**] Investments were and/or will be settled more than 28 clear days before the date of first submission of the [**REDACTED**] application to the Stock Exchange and no less than 120 clear days before the [**REDACTED**]; and (ii) the special rights granted to the [**REDACTED**] Investors had been terminated prior to the submission of the first [**REDACTED**] application for the [**REDACTED**], the Sole Sponsor confirms that the [**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

(4) Information about Our [**REDACTED**] Investors

Information of our [**REDACTED**] Investors is set out below. We became acquainted with the [**REDACTED**] Investors primarily through our business network or by introduction of our existing investors. To the best knowledge of our Directors, each of our [**REDACTED**] Investors and where applicable, their respective general partner(s), limited partner(s) and ultimate beneficial owner(s) is an Independent Third Party. Save that Qingdao Songheng, Qingdao Songyang, Qingdao Songhua and Qingdao Songyu are under common control, all other [**REDACTED**] Investors are independent of one another.

1. Shanxi Jinxiu

Shanxi Jinxiu is a joint stock limited company incorporated in the PRC on 5 September 2007 and is principally engaged in animal husbandry and agricultural activities, including the breeding, farming and sale of livestock and related agricultural products. Shanxi Jinxiu is held as to 49.51% by Lv Hao (呂浩) and as to 35.51% by Lv Sha (呂莎), respectively, as its largest shareholders. The remaining equity is held by seven other shareholders, each with individual shareholdings below 30%. Shanxi Jinxiu invested in our Company in order to deepen cooperation and enhance supply stability. Shanxi Jinxiu is the holding company of Daxiang Group* (大象集團) who as a group was one of our top five customers for each year/period during the Track Record Period. Revenue from Daxiang Group* (大象集團) in each year/period during the Track Record Period amounted to approximately RMB51.3 million, RMB40.3 million, RMB41.5 million and RMB17.5 million, representing 5.2%, 4.1%, 3.5% and 3.4% of our total revenue for the respective periods.

2. Dalian Dexin

Dalian Dexin is a limited partnership incorporated in the PRC on 20 August 2024 and is principally engaged in investment activities using its own funds, primarily in the fields of business services and asset management. Two partners of Dalian Dexin, namely Wang Jun (王軍), and Qu Shunxiang (曲順祥), respectively control two companies that are direct sales customers of our Company, with whom we maintain ordinary business relationships. The two customer companies primarily purchase our vaccine products, chemical and drug formulations, transfer factors, as well as others. Dalian Dexin is managed by its executive partner, Wang Jun (王軍), who holds 14.29% of its partnership interests and is an Independent Third Party. Dalian Dexin is held as to 71.42% by Qu Shunxiang (曲順祥) as the largest limited partner, who is an Independent Third Party.

3. Zhucheng Yihe

Zhucheng Yihe is a limited liability company incorporated in the PRC on 25 February 1994 and is principally engaged in the manufacture of automobile axles and related automotive components, including front and rear axles for commercial vehicles, passenger vehicles,

tractors, and agricultural machinery. Zhucheng Yihe is controlled by Chen Gongbo (陳宮博), who is an Independent Third Party, who holds 45% of the equity interest, together with other shareholders whose individual shareholdings do not exceed 30%.

4. Mr. Luan Tianyu (欒天宇)

Mr. Luan Tianyu (欒天宇) is an individual investor and an Independent Third Party.

5. Sumitomo Corporation

Sumitomo Corporation is a joint stock company incorporated in Japan on 24 December 1919 and is principally engaged in integrated trading and investment activities across diverse fields including metal products, transportation and construction systems, infrastructure, media and digital, lifestyle and real estate, mineral resources, energy, and chemicals. Sumitomo Corporation is listed on the Main Board of the Tokyo Stock Exchange (stock code: 8053).

6. Zhongtai Venture Capital

Zhongtai Venture Capital is a limited liability company incorporated in the PRC on 4 August 2017 and is principally engaged in investment activities, primarily in the fields of new energy, carbon neutrality, advanced manufacturing, information technology, healthcare, and consumption upgrade sectors. Zhongtai Venture Capital is wholly owned by Zhongtai Securities Co., Ltd.* (中泰證券股份有限公司) (formerly known as Qilu Securities Co., Ltd.* (齊魯證券有限公司), which is listed on the main board of the Shanghai Stock Exchange (stock code: 600918).

7. Qingdao Future Gold

Qingdao Future Gold is a limited partnership established in the PRC on 19 May 2021 and is managed by its executive partner, Qingdao Zhengnong Equity Investment Management Partnership (L.P.)* (青島證農股權投資管理合夥企業(有限合夥)) which in turn is held as to 80% by Beijing Zhengrong Capital Management Co., Ltd.* (北京春光證融資本管理有限公司), which is in turn held as to approximately 59.58% by Lu Changfu (盧常福), an Independent Third Party.

As at the Latest Practicable Date, Qingdao Future Gold had 11 partners, and was held as to approximately 30% by Qingdao Guotou Innovation Investment Management Co., Ltd.* (青島國投創新投資管理有限公司) as the largest and the only limited partner with 30% or more partnership interest in Qingdao Future Gold, which in turn is wholly owned by Qingdao Guotou Venture Capital Co., Ltd.* (青島國投創業投資有限公司), a limited liability company which is indirectly wholly owned by the Qingdao Municipal People's Government State-owned Assets Supervision and Administration Commission* (青島市人民政府國有資產監督管理委員會) through Qingdao International Investment Co., Ltd.* (青島國際投資有限公司). Save as disclosed, no other limited partners held more than 30% or more partnership interest in Qingdao Future Gold.

Qingdao Future Gold is principally engaged in private equity investment, investment management and asset management activities, with a focus on sectors including new energy, advanced manufacturing, agricultural technology, and information technology services.

8. Qingdao Songhua, Qingdao Songheng, Qingdao Songyu and Qingdao Songyang

Qingdao Songheng is a limited partnership established in the PRC on 11 May 2021 and is managed by its executive partner, Qingdao Songao Entrepreneurship Investment Co., Ltd.* (青島松鼇創業投資有限公司), which in turn is held as to 66% by Qingdao Qingsong Venture Investment Company Limited* (青島青松創業投資集團有限公司), which in turn is held as to 60.96% by Sui Xiao (隋曉), an Independent Third Party. Qingdao Songheng has two limited partners and is held as to approximately 99.49% by Qingdao Chengxin Equity Investment Co., Ltd.* (青島城鑫股權投資有限公司), a limited liability company incorporated in the PRC which is primarily engaged in fund, equity, and asset management, along with investment and financial consulting services and is wholly owned by Qingdao Chengxin Holding Group Co., Ltd.* (青島城鑫控股集團有限公司), which in turn is held as to 46% by Qingdao Urban Construction Investment (Group) Co., Ltd.* (青島城市建設投資(集團)有限責任公司), which is wholly owned by Qingdao SASAC* (青島市人民政府國有資產監督管理委員會) and 39% by Shandong Xincheng Hengye Group Co., Ltd.* (山東省鑫誠恒業集團有限公司), which in turn

is wholly owned by Qingdao Jimo State-owned Assets Management Service Centre* (青島市即墨區國有資產運營服務中心), a governmental agency under the administration of Jimo Government*. The remaining equity is held by a minority shareholder, with an individual shareholding of below 30%.

Each of Qingdao Songhua, Qingdao Songyu and Qingdao Songyang is a limited partnership established under the laws of the PRC and is managed by its executive partner, Qingdao Qingsong Venture Capital Investment Group Co., Ltd.* (青島青松創業投資集團有限公司), which in turn is held as to 60.96% by Sui Xiao (隋曉), an Independent Third Party.

Qingdao Songyu has 11 limited partners and is held as to approximately 42.86% by Qingdao Qingsong Jiaze Entrepreneurship Investment Management Co., Ltd.* (青島青松嘉澤創業投資管理有限公司) ("**Qingsong Jiaze**") as the largest and the only limited partner with 30% or more partnership interest in Qingdao Songyu. Qingsong Jiaze is a limited liability company incorporated in PRC which is primarily engaged in managing and investing self-owned capital in assets, equity and venture capital and is wholly owned by Qingdao Qingsong, which in turn is held as to 60.96% by Sui Xiao (隋曉), an Independent Third Party.

Qingdao Songhua has two limited partners and is held as to approximately 98.00% by Pingdu Zhishun Investment Co., Ltd.* (平度市致順投資有限公司) as its largest limited partner, a limited liability company incorporated in PRC which is primarily engaged in managing and investing self-owned capital in assets, equity and venture capital, which in turn is wholly owned by Pingdu City Urban Development Group Co., Ltd.* (平度市城市開發集團有限公司), a limited liability company incorporated in the PRC which is wholly owned by a state-owned enterprise, Pingdu State-owned Assets Management Service Centre* (平度市國有資產管理服務中心), formerly known as Pingdu State-owned Assets Management Centre* (平度市國有資產管理中心), a governmental agency under administration of Pingdu Government*.

Qingdao Songyang has 10 limited partners and is held as to approximately 62.50% by Hangzhou Qizhong Enterprise Management Partnership (Limited Partnership)* (杭州啟中企業管理合夥企業(有限合夥)) ("**Hangzhou Qizhong**") as the largest and the only limited partner with 30% or more partnership interest in Qingdao Songyang. Hangzhou Qizhong is a limited partnership established under the laws of the PRC and is managed by its executive partner, Gao Yukun (高裕昆), an Independent Third Party. Hangzhou Qizhong is held as to 95.83% by Gao Chongdong (高崇東), an Independent Third Party.

ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any acquisitions or disposals during the Track Record Period and up to the Latest Practicable Date that would have constituted a major transaction under the Listing Rules for which disclosure needs to be made under Rule 4.05A of the Listing Rules. During the Track Record Period, our Company completed the acquisition Shandong Haili which helped our Group expand and diversify our product lines, business operations and enhance production capacity.

Shandong Haili was established in the PRC with limited liability on 26 October 2020 and is principally engaged in the R&D, manufacture and sale of veterinary pharmaceutical products. On 12 April 2023, Shanghai Haili Bio-Technology Co., Ltd.* (上海海利生物技術股份有限公司), a business partner of our Company, entered into an equity transfer agreement with our Company, pursuant to which our Company acquired 100% of the equity interest in Shandong Haili for a total consideration of RMB113.3 million, which was arrived at after arm's length negotiation between the parties with reference to the net asset value of Shandong Haili as at 31 December 2022 in the valuation report issued by Kunxin International Assets Appraisal Group Co., Ltd.* (坤信國際資產評估集團有限公司).

The acquisition of Shandong Haili has been completed on 24 April 2023 and the consideration was fully settled by our Company on 11 May 2023 in accordance with applicable laws and regulations, and all requisite regulatory approvals and filings have been duly obtained. Upon completion of such acquisition, Shandong Haili became a wholly owned subsidiary of our Company.

COMPLIANCE WITH LAWS AND REGULATIONS

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, the establishment of our Company, the subsequent equity transfers (including the aforementioned [**REDACTED**] Investments) as well as changes in registered capital (where applicable) have, in all material respects, obtained the relevant approvals or confirmations, completed necessary registrations or filings with the Administration for Industry and Commerce (工商行政管理局), and been duly and lawfully completed in compliance with applicable PRC laws and regulations. As at the Latest Practicable Date, the establishment, transfers and changes in registered capital remained valid and legally binding.

PREVIOUS A-SHARE LISTING ATTEMPTS

We had historically explored listing opportunities in the PRC on two occasions (the "**Previous Listing Attempts**").

Our Company submitted an application to the CSRC for listing on the Shenzhen Stock Exchange in November 2007 (the "**2008 Listing Attempt**"). During the listing process, the CSRC, amongst other matters, raised a concern that certain products which the Group intended to develop through the proposed use of proceeds were pending the requisite new veterinary drug certificates and there was a risk that such products would not be able to obtain the relevant approval documents in a timely manner. The Group at the relevant time responded that of the 10 products, (i) seven had already obtained certificates or were about to pass review (representing 75.6% of expected sales at the time of the response), (ii) one product was under review and was expected to obtain its certificate soon (representing 18.9% of expected sales at the time of the response), and (iii) two products were still preparing application materials but accounted for only 5.5% of expected sales at the time of the response. However, the 2008 Listing Attempt was terminated at the Public Offering Review Committee review stage.

Our Company submitted another application to the CSRC for listing on the Shenzhen Stock Exchange in 2009 (the "**2009 Listing Attempt**"). During the listing process, the CSRC, among others matters, raised a concern that our Company signed a trademark licensing agreement with Weifang Sinder on 31 July 2009, for Weifang Sinder to use one of our trademarks free of charge when manufacturing, selling, and distributing fertiliser products within the PRC for a period of one year (the "**Trademark Licensing Agreement**"). In response, our Company explained that the Trademark Licensing Agreement did not materially harm our interests as the agreement was for a temporary term limited to one year and any continued use beyond the initial term would require payment of a separately negotiated licensing fee, and had been disclosed as a related-party transaction in the 2009 Listing Attempt prospectus. The CSRC nonetheless considered that, as the license was granted without consideration, this constituted a related-party transaction involving unfair pricing, and ultimately the application was terminated at the Public Offering Review Committee review stage on this basis.

Other than the abovementioned comments, there were no disagreements between our Company and the CSRC or any working parties involved in the Previous Listing Attempts.

Our Directors and the Sole Sponsor are of the view that the concerns historically raised by the CSRC are no longer relevant to the current [**REDACTED**], on the basis that (i) as at the Latest Practicable Date, our Group has obtained new veterinary drug certificates or approvals in respect of all ten products and (ii) on 14 August 2024, the acquisition of 100% of the equity interest in Weifang Sinder by our Group was completed and Weifang Sinder has since become an indirect subsidiary of our Company.

Our Directors confirm that to the best of their respective knowledge, they are not aware of any matters in relation to the Previous Listing Attempts of a material nature that would affect the suitability of our Company to be [**REDACTED**] on the Stock Exchange and should be brought to the attention of the Stock Exchange and potential [**REDACTED**].

Based on the independent due diligence work performed by the Sole Sponsor and the information and representation given to the Sole Sponsor, nothing material has come to the Sole Sponsor's attention that could reasonably cause the Sole Sponsor to cast doubts on the Directors' views set out above.

REASONS FOR [REDACTED] ON THE STOCK EXCHANGE

In line with our Group's long-term strategy of expanding our international business and strengthening our global market presence, our Directors believe that the [**REDACTED**] will provide the funding necessary to enhance our competitiveness by supporting operational expansion and reinforcing our business prospects. With direct connectivity to global investors, a recognised regulatory framework, and enhanced visibility in overseas markets, a Hong Kong [**REDACTED**] is expected to elevate our profile, increase market awareness of our brand, and broaden our investor base through greater access to international capital markets. For further details, please refer to the section headed "Future Plans and [**REDACTED**]" in this document.

PUBLIC FLOAT AND FREE FLOAT

A total of [**REDACTED**] Shares held by our Shareholders, representing approximately [**REDACTED**]% of our total issued Shares as at the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), will not be counted towards the public float as these [**REDACTED**] will not be converted into H Shares and [**REDACTED**] following completion of the [**REDACTED**].

A total of [**REDACTED**] held by Sany HK, Zhongtai Venture Capital, Qingdao Future Gold, Qingdao Songheng, Qingdao Songyang, Qingdao Songhua, Qingdao Songyu, Shanxi Jinxiu, Zhucheng Yihe, Dalian Dexin and Mr. Luan Tianyu (欒天宇), representing approximately [**REDACTED**]% of our total issued Shares as at the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), will be converted into H Shares and [**REDACTED**] upon completion of the [**REDACTED**]. As these Shareholders will not constitute core connected persons of our Company, are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and as their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

A total of [**REDACTED**] held by Sumitomo Corporation as at the Latest Practicable Date, representing approximately [**REDACTED**]% of our total issued Shares as at the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), will be converted into H Shares and [**REDACTED**] upon completion of the [**REDACTED**]. As Sumitomo Corporation will constitute a core connected person of our Company, the H Shares held by it will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Immediately following completion of the [**REDACTED**], assuming that (i) [**REDACTED**] H Shares are [**REDACTED**] and issued in the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised); and (ii) [**REDACTED**] Shares are issued in the share capital of our Company upon completion of the [**REDACTED**], based on an [**REDACTED**] of HK$[**REDACTED**] per Share, [**REDACTED**] H Shares, representing approximately [**REDACTED**]% of the total number of issued Shares of our Company will be counted towards the public float, which is higher than the prescribed percentage of H Shares required to be held in public hands of 25% pursuant to Rule 19A.13A of the Listing Rules. Therefore, our Company will be able to meet the minimum public float requirements under the Listing Rules.

Pursuant to the applicable PRC laws, all existing Shareholders (including the [**REDACTED**] Investors) shall not dispose of any of the Shares held by them within 12 months following the [**REDACTED**]. As a result, the H Shares held by our existing Shareholders upon the [**REDACTED**] shall not be counted towards the free float of our Company at the time of [**REDACTED**]. Based on the [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low-end of the indicative [**REDACTED**] range, at least 10% of the total number of our H Shares with an expected market value at the time of listing of not less than HK$50 million will be held by the public and not subject to any disposal restrictions, and as a result our Company satisfies the free float requirement under Rule 19A.13C(1) of the Listing Rules.

[REDACTED] OF OUR COMPANY

Our Company has applied for H-share full circulation to convert certain [**REDACTED**] Shares into H Shares after the [**REDACTED**]. The conversion of [**REDACTED**] Shares into H Shares will involve an aggregate of [**REDACTED**] Shares, representing approximately 14.19% of the total issued share capital of our Company as at the Latest Practicable Date.

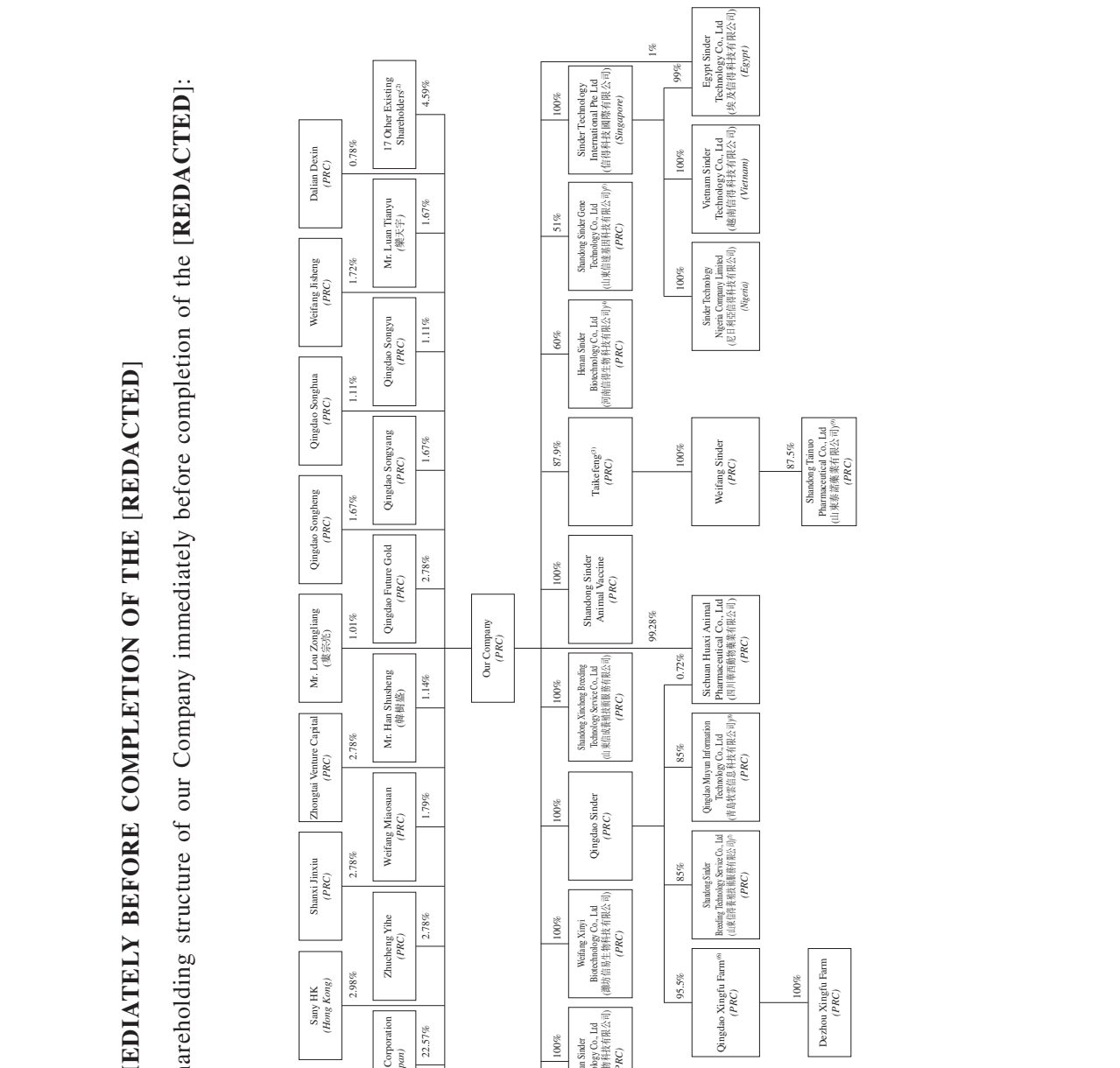
The table below is a summary of the [**REDACTED**] of our Company upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the conversion of [**REDACTED**] Shares into H Shares:

	As at the date of this document		As at the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholder	**Number of [REDACTED] Shares**	**Approximate ownership percentage in total issued share capital**	**Number of H Shares**	**Approximate ownership percentage in H Shares**	**Number of [REDACTED] Shares**	**Approximate ownership percentage in [REDACTED] Shares**	**Total number of Shares**	**Approximate ownership percentage in total issued share capital**
Mr. Li Zhaoyang[(1)]	34,270,874	25.98	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sumitomo Corporation[(1)]	29,771,923	22.57	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Intime International[(1)]	25,199,100	19.10	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sany HK	3,932,720	2.98	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhongtai Venture Capital	3,664,236	2.78	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanxi Jinxiu	3,664,236	2.78	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Future Gold	3,664,236	2.78	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Songheng	2,198,541	1.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Songyang	2,198,541	1.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Songhua	1,465,695	1.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Songyu	1,465,695	1.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Weifang Jisheng[(1)]	2,272,238	1.72	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Weifang Miaosuan[(1)]	2,359,632	1.79	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhucheng Yihe	3,664,236	2.78	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dalian Dexin	1,025,986	0.78	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Luan Tianyu (欒天宇)	2,198,541	1.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Han Shusheng (韓樹盛)	1,507,543	1.14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Lou Zongliang (婁宗亮)[(1)]	1,338,217	1.01	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Song Guozhu (宋國柱)	692,235	0.52	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhao Bingguang (趙炳光)[(1)]	611,756	0.46	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Yin Chongshan (尹崇山)	316,256	0.24	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Dai Bao (戴寶)	928,559	0.70	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Wang Guifang (王桂芳)[(1)]	530,917	0.40	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Li Xiang'an (李相安)	436,969	0.33	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Dong Yankai (董覃凱)	419,490	0.32	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wang Yongsheng (王永生)[(1)]	407,209	0.31	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wang Guilin (王桂林)	398,188	0.30	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Gong Jigang (宮繼剛)	324,449	0.25	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Meng Xiangxia (孟祥霞)	262,181	0.20	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Qiu Shenghua (邱昇華)	76,470	0.06	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zheng Haiquan (鄭海泉)	188,465	0.14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. An Yujing (安玉京)	147,477	0.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Cui Zengxue (崔增學)	147,477	0.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wang Haiyong (王海永)	117,982	0.09	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Yang Yufeng (楊玉峰)	44,243	0.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other investors taking part in the [**REDACTED**]	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**131,912,513**	**100.000**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note: (1) The H Shares (if any) held by these shareholders will not be counted towards the public float. All other shareholders are not core connected persons, and accordingly the H Shares (if any) held by them will be counted towards the public float in accordance with the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [**REDACTED**]:



Notes:

(1) Mr. Li Zhaoyang is the chairman of our Board, our executive Director and president, and one of our Controlling Shareholders. For further information, please see the sections headed "Directors, Supervisors and Senior Management — Executive Directors" and "Relationship with our Controlling Shareholders" in this document.

Mr. Li Zhaoyang owns 100% of the equity interest in Hong Kong Sinder, which in turn holds 100% of the equity interest in Intime International. Intime International holds 19.10% of the total issued Shares of our Company. Together with the 25.98% of the total issued Shares of our Company held directly by Mr. Li Zhaoyang, his total shareholding in our Company immediately prior to the [**REDACTED**] amounts to 45.08%. For further information, please see the section headed "Relationship with our Controlling Shareholders" in this document.

(2) The remaining 17 Shareholders each holds less than 1% of the total shareholdings in our Company, representing an aggregate shareholding of 4.59% immediately prior to the [**REDACTED**]. For further information, please see the paragraph headed "— [**REDACTED**] of our Company" in this section.

(3) The remaining shareholders are Weifang Xinlide Technology Partnership (Limited Partnership)* (濰坊信利德科技合夥企業(有限合夥)), holding 3.57%, which is the employee incentive platform of Taikefeng which in turn is held as to 23.36% by Sun Haisen (孫海森), its executive partner, and as to 23.36% by Liu Zekai (劉澤凱), who are Independent Third Parties, and Weifang Dashi Investment Partnership (Limited Partnership)* (濰坊達識投資合夥企業(有限合夥)), holding 8.53%, which in turn is held as to 58.59% by Sun Peng (孫鵬) and the executive partner of which is Yang Jianwen (楊建聞), who are Independent Third Parties.

(4) Besides our Company's holdings, the remaining shareholder is Neixiang County Jinmu Agricultural and Livestock Sales Co., Ltd.* (內鄉縣錦牧農牧銷售有限公司) as to 40%, which in turn is wholly owned by Yue Zhaoyang (岳朝陽), an Independent Third Party.

(5) Besides our Company's holdings, the remaining shareholder is Advanced Applied Technologies Limited as to 49%, which in turn is held as to 99.95% by Chen Charles Tsan-Jian, an Independent Third Party.

(6) Besides our Company's holdings, the remaining shareholder is Weifang Dinglu Investment Partnership (Limited Partnership)* (濰坊鼎魯投資合夥企業(有限合夥)) as to 4.50%, which is the employee incentive platform of Qingdao Xingfu, which in turn is held as to 29.41% by Li Xiangliang (李相亮), its executive partner who is a director of Qingdao Sinder, and as to 29.41% by Guan Qingfeng (管清峰), an Independent Third Party.

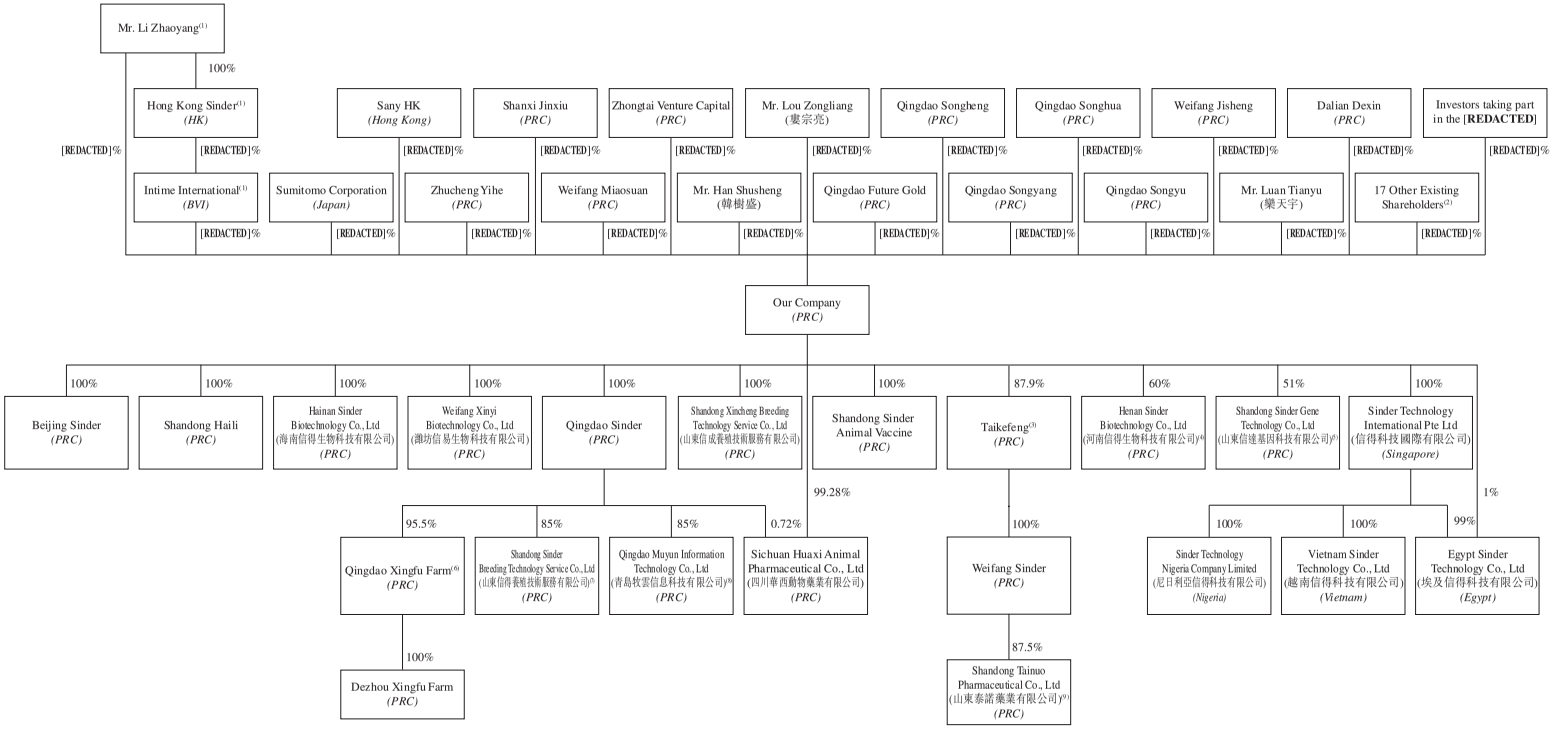
(7) Besides our Company's holdings, the remaining shareholders are Xing Yongguo (邢永國), holding 6.67%; Zheng Baofeng (鄭寶豐), holding 1.67%; Cui Guangchao (崔廣超), holding 1.67%; Guan Qingfeng (管清峰), holding 1.67%; Wang Fengming (王鳳鳴), holding 1.67%; Sun Yigeng (孫一庚), holding 0.57%; Li Wenpeng (李文鵬), holding 0.57%; and Tao Sheng (陶盛), holding 0.53%, who are all Independent Third Parties.

(8) Besides our Company's holdings, the remaining shareholders are Gao Xinming (高新明), holding 6%; Wang Jinlong (王金龍), holding 3%; Meng Yan (孟岩), holding 3%; and Zhao Haiwei (趙海偉), holding 3%, who are all Independent Third Parties.

(9) Besides Weifang Sinder's holdings, the remaining shareholders are Yang Jianwen (楊建聞), an Independent Third Party holding 3.13%, and Lou Zongliang (婁宗亮), our executive director and vice president, holding 9.38%.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Note: See the notes to "— Corporate Structure Immediately Before Completion of the [**REDACTED**]" in this section.

OVERVIEW

Founded in 1999, we are an animal health company in the PRC. We primarily engage in R&D, production and sales of a comprehensive range of animal health and ancillary products including veterinary biological products (such as vaccines, antibodies, transfer factors etc.), traditional Chinese veterinary medicines, chemical and drug formulation, animal feed and feed additives to achieve the prevention, diagnosis, and treatment and control of diseases in poultry, livestock, aquatic animals and pets. During the Track Record Period, the majority of our revenue was generated from the sales of animal health and ancillary products. According to CIC, we ranked tenth amongst domestic and overseas manufacturers in the animal health market in the PRC and ranked amongst the top three in the poultry veterinary biological products market in the PRC, in terms of revenue in 2025.

Our key operating data are summarised as follows:

Production and Sales	Customers and Distributors	Financial Performance
4 major production bases[(1)] **34** GMP certified production lines for veterinary drugs[(1)]	**Over 6,800** number of customers[(2)] **321** number of distributors as at 31 May 2026	**RMB984.6 million/ RMB981.8 million/ RMB1,194.3 million/ RMB507.2 million** revenue in FY2023, FY2024, FY2025 and 5M2026
Approx. 90.0% utilisation rate of antibody, transfer factor and inactivated vaccine production lines in FY2025[(3)]	**Over 10 years'** established relationship with large scale poultry and livestock farms	**46.3%/46.0%/49.3%/49.7%** gross profit margin in FY2023, FY2024, FY2025 and 5M2026
323 Approval Number for Veterinary Drug Products[(1)(5)]	**68.2%** customer retention rate[(4)] in FY2025	**+RMB38.5 million/+136.2%** export sales (FY2025 vs FY2024)

Notes:

(1) As at Latest Practicable Date.

(2) Represents customers from whom we generated revenue during the Track Record Period.

(3) Represents the utilisation rates of the antibody and transfer factor production lines at Shandong Sinder Industrial Park and the inactivated vaccine production lines at both Shandong Jiayue Production Base and Beijing Production Base, respectively. Utilisation rate is calculated as actual production volume divided by designed production capacity for the relevant year/period. For the utilisation rates of our production lines, see "— Production — Manufacturing Facilities" in this section.

(4) Calculated as the number of customers in the preceding year who continued to purchase from us in the relevant year, divided by the number of customers in the preceding year.

(5) For details of our products such as product type and average selling prices, see "— Our Product Portfolio" in this section.

Our R&D Capabilities

Our R&D capabilities are empowered by (i) our experienced R&D team, (ii) our proprietary technological platforms and (iii) our R&D facilities and infrastructure.

As at the Latest Practicable Date, our R&D team, headed by our R&D director, Mr. Song Qingqing whom had over a decade of experience in the animal health industry, comprised 191 staffs, over 60% of whom held doctoral or master's degrees covering fields such as biological products, genetic engineering and cell engineering. We complement our in-house R&D capabilities with external R&D collaborations with national veterinary research institutes and academia, allowing us to keep abreast of the latest innovative technologies.

We possess proprietary technological platforms that enables us to continuously innovate, develop and commercialise new products. Our veterinary transfer factor product (under the product name Xinbituo 信必妥) is the first transfer factor product in the PRC to obtain approval and ranked first in the veterinary transfer factor market in the PRC. We are the first company in the world to use suspension culture technology to produce vaccines to protect poultries from the HPAI virus, and the first company in the PRC approved for the production of a quadrivalent vaccine to protect poultries from Newcastle disease virus, avian influenza (H9 subtype) virus, infectious bursal disease virus, and avian adenovirus.

As at the Latest Practicable Date, our R&D laboratory covers 42,000 sq.m. and is equipped with over a thousand sets of advanced equipment such as gene sequencers and high-performance liquid chromatographs. We also had two national-grade laboratories and two GCP platforms (accredited by CNAS), with R&D qualifications for clinical trial for a comprehensive range of animal health products. Our BSL3 laboratory, which is currently seeking GMP certification, will further enhance our research capabilities in addressing major animal diseases.

Our manufacturing facilities

During the Track Record Period, we invested RMB1.19 billion to support capacity development for advanced manufacturing and maintained continuous investment to support our innovations. As at Latest Practicable Date, we have established four major production bases in regions covering Shandong and Beijing with 34 GMP certified production lines which all have successfully passed the latest GMP certification for veterinary drugs. Our product lines equipped us with the production capability to offer integrated solutions for animal disease control, covering preventive and treatment products including biological products (such as vaccines, antibodies, transfer factors), traditional Chinese veterinary medicines, and chemical and drug formulations.

Our sales network

During the Track Record Period, we sold our products primarily within the PRC, representing approximately 98.8%, 97.1%, 94.4% and 91.6% of our total revenue in FY2023, FY2024, FY2025 and 5M2026, respectively.

Under our Targeted Prevention and Control service model when exploring and maintaining our customers, we mainly adopt a direct sales approach to high-valued large scale poultry and livestock farms. Our direct sales revenue amounted to approximately RMB691.6 million, RMB683.3 million, RMB830.7 million and RMB364.8 million for FY2023, FY2024, FY2025 and 5M2026, respectively, representing approximately 70.2%, 69.6%, 69.6% and 71.9% of our total revenue in corresponding periods respectively. Such direct-sales approach is strategically adopted to support our commitment in delivering Targeted Prevention and Control solutions directly to end customers through delivery of our animal health products. Through our technical service teams, we are able to engage directly with large scale poultry and livestock farms, allowing us to provide timely response to their needs, and introduce our solution-oriented and technically-supported animal health products to them. Such approach not only strengthens our influence over these end customers and ensures our service quality, but also allows us to guarantee the completeness and effectiveness of the prevention and control solutions provided by us.

Our distribution network complements our direct sales network by serving a wider clientele. We generated revenue of approximately RMB204.8 million, RMB194.2 million, RMB198.8 million and RMB79.8 million for FY2023, FY2024, FY2025 and 5M2026, respectively, representing approximately 20.8%, 19.8%, 16.6% and 15.7% of our total revenue in the corresponding period, respectively, through our distribution network covering some small scale poultry and livestock farms and individual farmers.

Our overseas business

Our revenue generated from overseas significantly increased from approximately RMB12.2 million for FY2023 to approximately RMB28.3 million for FY2024, and to approximately RMB66.8 million for FY2025, and from approximately RMB22.2 million for 5M2025 to approximately RMB42.4 million for 5M2026 and are mainly derived from key overseas markets including Pakistan, Egypt, Vietnam and Nigeria.

We aim to extend our Targeted Prevention and Control service model to overseas markets. As at the Latest Practicable Date, we have selected local business partners of our products and have completed or commenced the registration process in 32 countries, and plan to commence our export sales after completion of registration.

OUR COMPETITIVE STRENGTHS

We believe that our following competitive strengths attribute to our success and enable us to attain our strategic goal of delivering optimal value to our customers:

We are a High and New Technology Enterprise and have been specialising in animal health in the PRC for 27 years, with a track record of transforming innovation into commercial success.

Our comprehensive product portfolio allowing us to build customised solutions that cater to the diverse needs of animal farmers covering prevention, diagnosis and treatment of animal diseases.

We possess proprietary technologies targeting the prevention and control of major animal diseases. We had obtained 46 new veterinary drug certificates that remain valid and effective (including one Class I and 13 Class II national new veterinary drug certificates) and 88 invention patents as at the Latest Practicable Date.

We are able to successfully commercialise our innovations into our key products. For example, our veterinary transfer factor (under the product name Xinbituo 信必妥) is the first transfer factor product in the PRC to obtain Approval Number for Veterinary Drug Products, and ranked first in the veterinary transfer factor market in the PRC in terms of revenue in FY2025, according to CIC. We were also approved for 17 national-grade new veterinary drugs, and obtained 16 new product approvals for biological products and 28 new product approval licences for traditional Chinese veterinary medicine formulations during the Track Record Period, which expands our product portfolio to cover products targeting animal diseases that are categorised by the Ministry of Agriculture Rural Affairs as category I, II and III diseases (such as serositis, viral arthritis, piglet diarrhoea and immunosuppressive diseases etc.) and a comprehensive range of products targeting poultry and livestock diseases.

We maintain established relationships with large scale poultry and livestock farms which provides us with competitive advantage amid the growing trend of large scale farming in the PRC

The poultry and livestock farming industry in the PRC has been undergoing increasing consolidation, with a growing shift toward large scale farms. According to CIC, large scale poultry and livestock farms tend to purchase more efficient animal health solutions, and are more willing to invest in the prevention and control of animal diseases than individual farmers.

During the Track Record Period, our top five customers included large scale farms in the poultry and livestock industry, and a majority of these large scale farms had business cooperation with us for more than ten years.

We successfully deliver solutions covering disease prevention, monitoring and control through our service model covering three key areas of epidemiological investigation, solution customisation and clinical evaluation. Through processing samples in our CNAS certified laboratories and BSL2 animal facilities, we have been able to build a databank covering various epidemic diseases and bacterial strains. Leveraging the accumulated data, our ***epidemiological investigation*** enable us to identify the prevalent strains and assess their current mutation trends, which enable us to develop and update targeted solutions to combat the prevalent strains. With our comprehensive product portfolio and R&D capabilities, we can deliver customised solutions to our customers within 45 days through ***solution customisation***. Through ***clinical evaluation***, we continuously monitor and track the clinical efficacy of our solutions provided to our customers.

During our on-site visits at our customer's farms, our technical service team conducts on-site necropsy diagnoses and collect samples for epidemiological investigation. Based on the results from the necropsy diagnoses and epidemiological investigation, we provide to our customers certain recommendations as to our animal health products that would be effective in protecting their poultries and/or livestocks against the animal diseases. In the case where we identify any prevalent strains and their mutation trends from the epidemiological investigation,

we will further develop and update our product offerings to protect their poultries and/or livestocks against the prevalent strains. Further, our Muyun (牧雲) Smart Farming Platform collects daily weight gain data of bred animals farmed by our customers, provides information on weight improvement, early disease detection and prevention measures. Such platform not only boosts customers' breeding efficiency but also provides data-driven feedbacks to enhance our Targeted Prevention and Control services.

Replicability of implementation of our Targeted Prevention and Control model overseas allows us drive our international expansion

We focus on emerging markets with growth potentials, such as Asia, the Middle East and Africa, by implementing our Targeted Prevention and Control model in the overseas markets. Other than local business partners in overseas market, we have also established wholly-owned subsidiaries and high-standard veterinary diagnostic laboratories in overseas markets such as Vietnam and Egypt. These laboratories possess independent capabilities for pathogen isolation, serological studies, and antimicrobial susceptibility studies, empowering us to provide tailored services for a specific region or market. We have also established pathogen databases for overseas regions including Pakistan and Vietnam, and collaborate with local academia to conduct joint R&D on local animal epidemic diseases. In Asia, for FY2025, our waterfowl products rank first in the Vietnamese market in terms of revenue while our poultry vaccines rank first in terms of market share in Pakistan. In the African market, we have established a technical service team and testing laboratory in Egypt.

Our overseas registration footprint is expanding. We have completed or commenced registrations of our key products across 32 countries in Africa, the Middle East, and Southeast Asia and have completed registration in 12 countries as at the Latest Practicable Date. We are planning to initiate EU-GMP certification and commence planning for markets including the American market.

Revenue attributed to overseas markets increased from approximately RMB12.2 million for FY2023 to approximately RMB28.3 million for FY2024, to approximately RMB66.8 million for FY2025, and from approximately RMB22.2 million for 5M2025 to approximately RMB42.4 million for 5M2026 during the Track Record Period.

Our R&D capabilities and proprietary technologies position us to develop new products

We regard R&D capabilities as a key cornerstone for our business success and future developments.

Our continued investment in R&D and proprietary technological platform

Our R&D expenses accounted for approximately 7.0%, 8.3%, 8.0% and 7.9% of our revenue for FY2023, FY2024, FY2025 and 5M2026, respectively. With our continued R&D investments made over the years, we operate high-standard laboratories covering an area of approximately 42,000 sq.m., including two CNAS-accredited laboratories. As at the Latest Practicable Date, our R&D team consists of 191 staffs, with over 60% of whom holds doctoral or master's degrees.

Through our innovative facilities, we have achieved breakthroughs in multiple key technological areas, including: (i) DNA vaccines stimulate both humoral and cellular immune responses, offering stronger protection against circulating strains; (ii) we are the first company in the animal health industry in the PRC to successfully apply cell suspension culture to HPAI for vaccine production, according to CIC. This breakthrough enables high-density cell expression and efficient high-tier cultivation of vaccine strains. Compared with traditional chicken embryo culture methods, it provides greater safety and resolves the challenge of handling large volumes of embryos during production process within industry; (iii) our R&D for protein subunit vaccine enable us to adapt to emerging viral and bacterial pathogens after viral mutation, enabling more effective prevention and control of fast-changing pathogens; and (iv) we are also the first company in the PRC to produce commercialised cell suspension-cultured HPAI vaccines, process of which are safer than traditional chicken embryo cultural methods and resolves the challenge of embryo disposal in high-volume production. Our R&D

achievements have received national recognition. We have received national recognition, namely the first prize at the Shandong Provincial Science and Technology Progress Award in 2024 for our vaccine to protect piglets against frequent infectious diseases, and major new scientific and technological achievements award for our trivalent DNA vaccine to protect poultry against avian influenza (H5 and H7 subtype).

Further, China's veterinary DNA vaccine sector remains at an early stage, with only a limited number of products approved for market launch. We are one of the only three enterprises having obtained production qualifications for DNA vaccines, namely avian influenza (H5 subtype) bivalent DNA Vaccine (pH5-Re15 strain and pH5-Re16 strain) and avian influenza (H5 and H7 subtype) quadrivalent DNA Vaccine (pH5-Re15 strain, pH5-Re16 strain, pH7-Re5 strain and pH7-Re6 strain), as at the Latest Practicable Date. This position us to capture opportunities in China's early-stage veterinary DNA vaccine market.

Our external innovative collaborations allow us to keep abreast of the latest innovative technologies

We continue to develop our innovative capabilities through R&D researches and collaborations with national research institutions, academia and other industry participants on specific technologies. As at the Latest Practicable Date, we have collaborations with 41 research institutes or experts in connection with external collaboration projects or joint development projects, including the following key projects in progress:

- nucleic acid vaccines targeting HPAI (H5 and H7 subtype), cell-based inactivated vaccines targeting HPAI (H5 and H7 subtype), bivalent hexavalent inactivated vaccine targeting Newcastle disease, HPAI (H5 and H7 subtype) and LPAI (H9 subtype), swine influenza vaccines and avian adenovirus inactivated vaccine (Class I) and adenovirus antibodies with national veterinary research institutes engaged in research and technology development relating to animal disease prevention and control, including animal infectious diseases and vaccine development; and

- subunit vaccine targeting African swine fever (a major infectious disease), and trivalent subunit vaccine targeting foot-and-mouth disease, swine fever and pseudorabies with the Lanzhou Veterinary Research Institute.

Further, we established the Immunosuppressive Disease Research Centre in collaboration with local academia in July 2025, and formed the Animal and Plant Pharmaceutical Technology Research Institute with Qingdao Agricultural University in April 2020. We have also set up an innovation fund at Lanzhou University.

We incurred an investment amount of exceeding RMB100.0 million for our jointly developed R&D projects during the Track Record Period. These initiatives allow us to access to the latest innovative technologies to develop new products.

We possess production capabilities that support the commercialisation of our quality and cost-effective products

According to CIC, high initial investments are required to build GMP-compliant production lines, creating significant barriers to entry for new market participants. Having invested and accumulated technologies over the years, we have developed industry-leading production facilities in the animal health industry in the PRC including intelligent and automatic systems supported by our proprietary core technologies, according to CIC.

As at the Latest Practicable Date, we have established four major production bases in regions covering Shandong and Beijing. All 34 production lines across these facilities have successfully passed the latest GMP certification for veterinary drugs. Our cell-based HPAI vaccine factory meets BSL3 standards, and our production workshops for subunit vaccines and DNA vaccines have obtained GMP certification. We are equipped to provide animal health products including live vaccines, inactivated vaccines, transfer factors, antibodies, drugs, traditional Chinese veterinary medicines, and animal feed and feed additives.

We have established capabilities in the scale-up of HPAI vaccine production using suspension culture, achieving higher antigen potency with consistent quality. Our DNA vaccine processes provide stability and controllability compared to traditional inactivated vaccines. We also standardised mass production of transfer factors in the PRC, ensuring defined composition and strong immunomodulatory activity. In addition, our high-volume yolk antibody production delivers stable quality with higher cost-effectiveness. These processes enable us to deliver products with higher potency and batch-to-batch consistency, supporting our commitment to providing customers with high quality and cost-effective products.

We also integrate technological systems to enhance production efficiency and ensure reliability. Utilising Raman spectroscopy for timely analysis of glucose, minerals, and metabolic by-products within bioreactors, we are able to enhance cell density and health status while improving antigen expression efficiency.

We strive to ensure the quality of our final products through a comprehensive quality control and testing system. We have established a quality control system encompassing raw material intake, manufacturing processes and the final inspection of finished products. The system is supported by testing instruments, including Illumina next-generation sequencers, high-performance liquid chromatography systems, and fluorescent quantitative polymerase chain reaction equipment, etc. Our testing laboratory has been certified by CNAS and complies with GCP standards demonstrating national recognition of our testing abilities.

We have a management team which demonstrates strategic execution capabilities, and we are empowered by Sumitomo Corporation, one of our shareholders and Fortune 500 company with extensive global experience.

We believe our success is driven to a large extent by our management's leadership with global vision as well as our expertise in R&D, manufacture and commercialisation of animal health products. Our core management team with extensive industry experience is led by our Chairman of the Board, Mr. Li Zhaoyang. Our core management team have on average accumulated around 20 years' experience in the animal health industry, and have witnessed the transformation of the livestock farming industry in the PRC from small scale family-operated farms to scaled-up operations, successfully guiding us through major industry events such as avian influenza and African swine fever and demonstrating their crisis management and strategic capabilities.

Our senior management team comprises R&D technical experts and marketing professionals, so as to ensure that our strategic decisions are capable of not only identifying the commercial potential of cutting-edge biotechnologies (such as early investments in suspension culture and DNA vaccines), but also targeting and addressing the needs of large scale farms (such as the implementation of Targeted Prevention and Control service models), thereby avoiding short-term, biased approaches driven exclusively by technology or sales.

We have received strategic investment and support from Sumitomo Corporation, a Fortune 500 company. Utilising Sumitomo Corporation's rich resources in the life sciences sector, we gain priority access to market intelligence, industry insights and information on animal health technologies and management experience in Japan and other overseas markets though information sharing and insights from Sumitomo Corporation. We gained early access to market information and insights relating to the developments in Japan's pet market, which is a mature market as compared to that in the PRC, through Sumitomo Corporation. Sumitomo Corporation's strategic investment and collaborative partnership with us have significantly enhanced our international competitiveness, endowing us with advantages over local competitors in terms of global resources and market expansion.

OUR STRATEGIES

Our clientele comprises of poultry and livestock farms which have stable demand for animal health products that could effectively control animal diseases to reduce production risks; and optimise the production outputs to enhance profitability. To address these demands, based on our business philosophy, in respect of effective control of animal disease, we employ Targeted Prevention and Control solutions to help our customers effectively manage animal diseases in a cost-effective manner, reduce production risks, and ensure stability in our customers' farming operations, thereby helping our customers to increase farming outputs and profitability.

We intend to develop our business based on the following five strategies so as to benefit our shareholders:

Enhancing clients' stickiness and deepen partnerships through our Targeted Prevention and Control of animal diseases

According to CIC, there is an increasing trend for large scale poultry and livestock farming, and these large scale farms have higher demand for animal health companies to deliver products and service offerings with high standards, they not only require high-quality products but also require their business partners to be capable of understanding their farming operations and deliver bespoke disease prevention and control solutions.

We continue to integrate our solution-oriented and technically-supported animal health products offerings to form part of our customers' farming and production management systems. As part of our complementary services provided at the request of our customers and as part of our initiative to lay the groundwork for introduction of our products to potential customers, our on-site technical service teams will engage with clients directly at their farming sites so as to resolve specific issues related to the animal diseases, farming environments and management processes. We continue to implement our service system covering epidemiological investigation, solution customisation and clinical evaluation, which enables us to develop bespoke prevention and control solutions for our customers, whilst continue refining these animal health solutions based on the pathogenic investigation results.

Through our delivery of prevention and control solutions, we have established technical partnerships with our large scale customers engaged in poultry farming. We will allocate additional resources and collaborate with our existing strategic partners to extend these partnerships to large scale farm enterprises. While strengthening the market share of our key products, we will also introduce new offerings, such as multivalent vaccines including a quadrivalent vaccine against Newcastle disease virus, avian influenza (H9 subtype), infectious bursal disease virus, and adenovirus. During the Track Record Period, in connection with poultries-related products, we secured 7 national-grade veterinary new drug approvals and obtained 8 new approvals for veterinary biological products and 10 new approvals for new Chinese veterinary medicines. We aim to increase the proportion of our core products supplied to our conglomerate customers.

In respect of our livestock (swine) business segment, the growth of large scale farming in the PRC offers opportunities to expand our presence. We address key porcine diseases, such as diarrhoea, PRRS, and bacterial infections, by providing animal health solutions that combine vaccines, pharmaceuticals, and disinfectants. We will continue strengthening partnerships with existing clients while pursuing new ones, aiming to broaden coverage among large scale swine farms and sustain growth in this segment.

Focus on crafting of key products through our technological advancement and market insight

Based on our existing key products, we shall continue to develop our product portfolio. We will concentrate our resources on critical animal diseases that remained unresolved but have material adverse impact on the profitability of poultry and livestock farms, including:

- developing vaccines and multivalent vaccines targeting major epidemics such as Category I major epidemics (including Zoonotic diseases and African swine fever), including African swine fever subunit vaccine, the clinical trial application of which has been approved in September 2026 and shall proceed to clinical trial stage.

- developing or upgrading vaccines with novel formulations (such as mRNA vaccines and other advanced technological platforms) to address animal diseases could not be adequately address by current prevention and control measures. In particular, the subunit vaccines under development are expected to replace traditional antigen-based vaccines which have low cultivation efficiency and anti-bacterial vaccines involving complex serotypes.

- enhancing responsiveness to emerging diseases by leveraging epidemiological big data to monitor outbreak trends which enables us to timely develop new vaccines and antibodies.

In addition, we focus on the development of new pets pharmaceutical products, which remains a key focus for our future R&D investment. As at the Latest Practicable Date, we had 12 pets veterinary drugs under development, covering tumours, diabetes, renal disease, and dermatitis etc., and we will further develop new products under these categories. We will also invest in establishing technical platforms for development of pets veterinary vaccines and treatments (including monoclonal antibodies).

As at the Latest Practicable Date, we had 41 new products under development, of which 10 had completed registration or were in the registration process, 6 were in the clinical trial stage having obtained clinical trial approvals, and 9 had completed laboratory research with application of clinical trial being submitted or to be submitted. We plan to allocate [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] for furtherance of R&D. For details, see "Future Plans and [**REDACTED**]".

Further enhance our production capacities to support our growth

As at the Latest Practicable Date, we had four major production bases in Shandong and Beijing and 34 production lines which are all compliant with the latest GMP certification for veterinary drugs.

To support our future business growth, we plan to expand production capacity including, by addition of equipment, establish new production lines and further enhancing the standards of our production workshops to support growth in sales and exports to other countries and regions.

We plan to allocate [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] to further enhance our production capacity as mentioned above. For details, see "Future Plans and [**REDACTED**]".

Expand our products and services offerings to overseas markets that are of long-term growth potential

We strive to export our Targeted Prevention and Control service model to targeted overseas markets. According to CIC, the global animal health industry achieved a CAGR of 4.4% from 2019 to 2025 which is expected to reach 5.1% from 2025 to 2031, and the global animal health industry is approximately 4.99 times larger than that in the PRC in 2025.

We plan to expand our global presence as follows:

- Exporting our Targeted Prevention and Control service model: Instead of relying on distributors, we will establish technical service centres in key overseas markets, train local personnel, build diagnostic labs, and create pathogen databases to customise solutions for local strains.

- Regional expansion: Building on current operations in Pakistan, Vietnam, Egypt and Nigeria as entry points for the Middle East, Asia, and Africa, we will extend into neighbouring countries, advance product registrations, and broaden market coverage.

- Local production facilities: We will consider acquiring or building production lines to strengthen supply chains, shorten response times, and meet regional registration requirements.

- Entry into mature markets: In the medium to long term, we aim to expand into the U.S. and Europe, to establish our global presence and introduce innovative vaccine formulations.

We plan to allocate [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] to support the foregoing expansion into of the overseas markets. For details, see "Future Plans and [**REDACTED**]".

Develop our pets health business

According to CIC, the major pets market in the PRC (dogs and cats) achieved a CAGR of 4.1% from 2019 to 2025, resulting in the number of dogs and cats increased to 126 million by 2025. Meanwhile, the PRC's pets market has maintained steady growth in both pet population and consumer spending levels. As an increasing number of pet owners begin to prioritise pets health, related consumption is expected to grow continuously in the future. Furthermore, the PRC's pet population is gradually entering an ageing phase. With an increase in the average lifespan of pets, the incidence of diseases and treatment risks among ageing pets will rise accordingly, giving rise to unmet medical needs relating to these ageing pets.

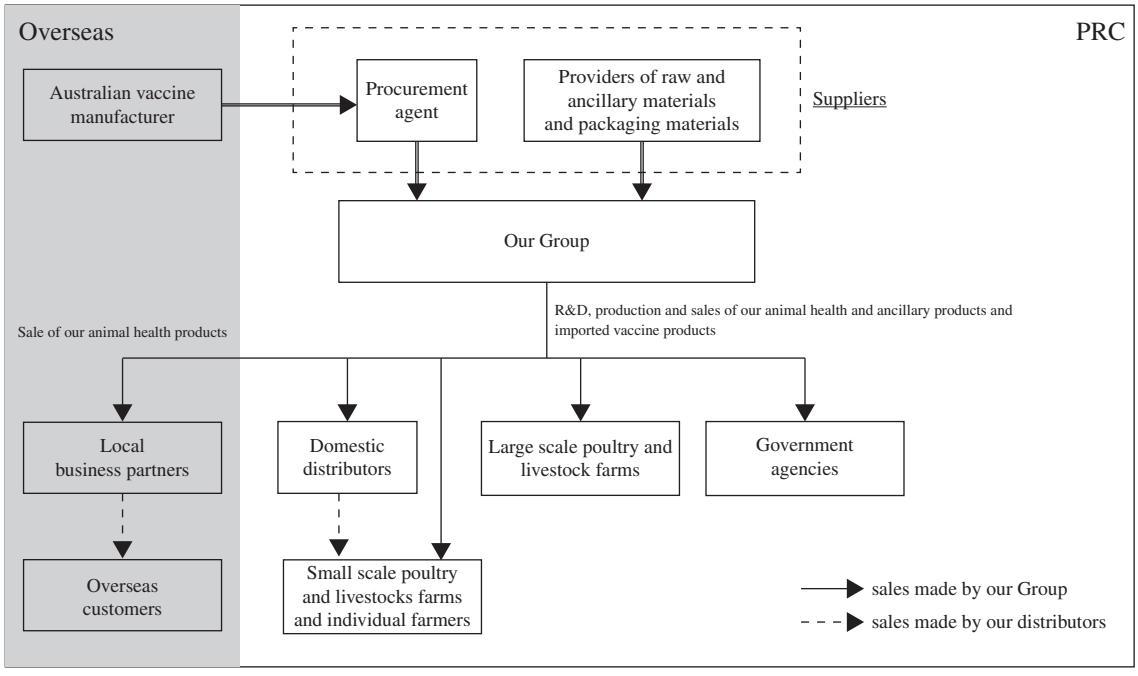
In response to the ageing trend of pets in the PRC, we have continuously invested in R&D over the past seven years to develop specialised drugs for treating geriatric and internal medical conditions in pets. During the Track Record Period, we have launched 18 new products for pets health business, with the derived revenue classified under our chemical and drug formulation segment.

We are committed to further develop our pets health business, with a focus on five major chronic diseases areas such as heart disease, kidney disease, tumors, osteoarthritis, endocrine and metabolic disorders. As at the Latest Practicable Date, our pet pharmaceutical products have been sold to over 10,000 pet hospitals. To accelerate the expansion of future sales channels for pet pharmaceuticals, we are cooperating with established chain pet hospitals. We plan to leverage digital tools to assist these hospitals in establishing chronic disease management files. Additionally, by providing professional training, case studies, and clinical medication guidance, we aim to enhance awareness and preference towards our products among pet hospitals and veterinarians.

We plan to allocate [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] to fund the further development our pets health product portfolio.

OUR BUSINESS MODEL

We primarily engage in the R&D, production and sales of a comprehensive range of animal health and ancillary products including veterinary biological products (such as vaccines, antibodies, transfer factors etc.), traditional Chinese veterinary medicines, chemical and drug formulations and animal feed and feed additives to achieve the prevention, diagnosis, and treatment and control of diseases in poultry, livestock, aquatic animals and pets. The following diagram illustrates our business model:



OUR PRODUCT PORTFOLIO

We provide a comprehensive range of animal health and ancillary products including veterinary biological products (such as vaccines, transfer factors, antibodies etc.), traditional Chinese veterinary medicines, chemical and drug formulation and animal feed and feed additives to achieve the prevention, diagnosis and treatment and control of diseases in poultry, livestock, aquatic animals and pets. As at 31 May 2026, we obtained a total of over 300 Approval Number for Veterinary Drug Products and act as a sole agent in China for 2 products covering major animal epidemics such as avian influenza, Newcastle disease, porcine circovirus and porcine diarrheal diseases. Our broad product portfolio has enabled us to offer comprehensive solutions for the prevention and control of animal diseases to poultry and livestock farms.

During the Track Record Period, we generated our revenue from the sales of animal health and ancillary products, which consisted of (i) 58 types of veterinary biological products; (ii) 37 types of traditional Chinese veterinary medicine; (iii) 97 types of chemical and drug formulation; (iv) 156 types of animal feed and feed additives; and (v) ancillary products such as eggs, fertilisers and pesticides.

The following table sets forth breakdown of our revenue by product type, in absolute amounts and as a percentage of our total revenue, for the years/periods indicated:

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Veterinary biological products										
vaccine products	464,952	47.2	476,267	48.5	629,905	52.7	249,878	51.2	253,972	50.1
antibody products	96,414	9.8	86,230	8.8	90,199	7.6	38,560	7.9	35,849	7.1
transfer factor	64,948	6.6	68,033	6.9	85,399	7.2	43,002	8.8	32,127	6.3
Sub-total	626,314	63.6	630,530	64.2	805,503	67.5	331,440	67.9	321,948	63.5
Chemical and Drug formulation[(1)]	191,546	19.5	199,683	20.3	209,815	17.6	80,052	16.4	97,393	19.2
Animal feed and feed additives	58,520	5.9	56,030	5.7	68,030	5.7	29,055	6.0	36,475	7.2
Traditional Chinese veterinary medicine	35,104	3.6	29,050	3.0	31,953	2.7	12,409	2.5	13,804	2.7
Other ancillary products[(2)]	73,149	7.4	66,512	6.8	78,951	6.5	35,341	7.2	37,557	7.4
Total	984,633	100.0	981,805	100.0	1,194,252	100.0	488,297	100.0	507,177	100.0

Notes:

(1) Included our pet pharmaceutical products.

(2) Mainly comprised revenue generated from the sale of eggs, fertilisers and pesticides.

The following table sets forth breakdown of our revenue of animal health and ancillary products by animal type for the years/periods indicated:

	Year ended 31 December						For the five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Poultry[(1)]	775,544	78.8	747,025	76.1	905,207	75.8	375,657	76.9	379,871	74.9
Livestock[(2)]	120,256	12.2	142,921	14.6	180,667	15.1	66,916	13.7	75,472	14.9
Aquatic[(3)]	3,579	0.4	11,066	1.1	8,452	0.7	3,805	0.8	4,111	0.8
Ruminant[(4)]	5,868	0.6	3,966	0.4	3,892	0.3	1,671	0.3	1,448	0.3
Pets[(5)]	8,862	0.9	13,123	1.3	14,384	1.2	5,601	1.1	9,705	1.9
Others[(6)]	70,524	7.1	63,704	6.5	81,650	6.9	34,647	7.2	36,570	7.2
Total	984,633	100.0	981,805	100.0	1,194,252	100.0	488,297	100.0	507,177	100.0

Notes:

(1) Poultry mainly included broilers, layers, ducks and geese.

(2) Livestock mainly included swine.

(3) Aquatic mainly included shrimp.

(4) Ruminant mainly included cattle and sheep.

(5) Pets mainly included dogs and cats.

(6) Mainly comprised revenue generated from the sale of fertiliser and pesticides.

Veterinary biological products

We maintained a portfolio of veterinary biological products that have achieved steady growth in revenue. The below list includes the details of our major veterinary biological products during the Track Record Period.

Vaccine products

We offer a portfolio of veterinary vaccines with expertise spanning both live-attenuated and inactivated virus platforms, particularly with a focus on multivalent and combined vaccines that provide protection and simplify immunisation protocols. The below list includes the details of our key veterinary vaccine products during the Track Record Period.

Category	Product Name	Description	Illustrative Diagram	Average Price Range	Primary Uses
Inactivated vaccine	–	Reassortant avian influenza (H5+H7) tetravalent inactivated virus vaccine		500ml RMB180-220/bottle	For the prevention of avian influenza caused by H5 subtype 2.3.4.4h, 2.3.4.4b and H7 subtype clades A and B branch avian influenza viruses.
Inactivated vaccine	Faxianbao (法腺寶)	Avian influenza series, Quadruple inactivated combination vaccine		500ml RMB180-220/bottle	For the prevention of Newcastle disease, avian influenza (H9 subtype), infectious bursal disease, and infection with avian adenovirus serotype 4 of Group I in chickens.
Inactivated vaccine	Kangpeijian (康倍健)	Bivalent inactivated vaccine		250ml RMB70-110/bottle 500ml RMB190-230/bottle	For the prevention of Newcastle disease (LaSota strain) and H9 avian influenza (H9 subtype, SS strain).
Inactivated vaccine	Xiekejing (卸可淨)	Inactivated combination vaccine		100ml RMB120-180/vial	For the prevention of viral diarrhoea caused by porcine epidemic diarrhoea virus, porcine transmissible gastroenteritis virus, and porcine rotavirus.
Live vaccine	Xielijing (卸立淨)	Trivalent live vaccine		10 doses RMB100-150/vial	For the prevention of viral diarrhoea caused by porcine epidemic diarrhoea virus, porcine transmissible gastroenteritis virus, and porcine rotavirus.

During the Track Record Period, we serve as the sole agent in China of a mycoplasma synoviae (MS-H strain) vaccine and a mycoplasma gallisepticum (TS-11 strain) vaccines, that are developed and manufactured by an Australian biotechnology company, which is a globally recognised developer and manufacturer specialising in live attenuated vaccines for the poultry industry, for poultry farms. Our business relationship with the Australian biotechnology company commenced over 20 years ago, initiated after senior management representatives from both sides connected at an international animal and livestock healthcare trade exhibition. Pursuant to the distribution agreement entered into directly with the Australian biotechnology company, product liability in connection with our sale and distribution of the MS-H strain and TS-11 strain vaccines in the designated territory rests with us, and we are to maintain customary product liability insurance where such cover is available. The below list includes the details of the two vaccines during the Track Record Period.

Category	Product Name	Description	Illustrative Diagram	Average Price Range	Primary Uses
Live vaccine . . .	–	Mycoplasma synoviae (MS-H strain) vaccine	–	30ml RMB800-900/vial	Prevention of chronic respiratory disease, airsacculitis, and synovitis in susceptible flocks (MS-negative) caused by mycoplasma synoviae infection.
Live vaccine . . .	–	Mycoplasma gallisepticum (TS-11 strain) vaccine	–	30ml RMB500-850/vial	Prevention of chronic respiratory disease caused by mycoplasma gallisepticum.

Transfer factor products

Transfer factor is one of the various factors released by immunologically active T lymphocytes in animals that can transfer immune sensitisation information. It can specifically transfer a particular cellular immune function from a donor to a recipient animal, while also non-specifically enhancing the recipient animal's overall immune function. It is administered orally or by injection and has the same effect in regulating the body's immune function. Our veterinary transfer factor oral solution, under the brand name Xinbituo (信必妥), is the first transfer factor product in the PRC to obtain Approval Number for Veterinary Drug Products. The below list includes the details of our transfer factor products during the Track Record Period.

Category	Product Name	Description	Illustrative Diagram	Average Price Range	Primary Uses
Transfer Factor . .	Xinbituo (信必妥)	Transfer Factor Oral Solution		500ml: RMB60-90/bottle 200ml: RMB20-40/bottle	For specific and non-specific enhancement of the body's immunity. Functional Advantages: (i) Vaccine adjuvant: Activates the immune system, reduces vaccine stress reactions, and elevates antibody levels. (ii) Immunosuppression alleviation: Repairs the body's immune organs, boosts interleukin, antiviral proteins, and interferon levels, and non-specifically enhances overall immunity. (iii) Treatment support: Strengthens immune function to accelerate recovery.

Prior to 1 January 2026, we elected to apply the Simplified Tax Calculation Method at a rate of 3% to our domestic sales of veterinary biological products. Following the Announcement No. 10 of 2026, as advised by our PRC Legal Adviser, such sales have been subject to VAT at the standard rate of 13% since 1 January 2026, and the related input VAT has become deductible. For details, see "Summary — Recent Developments and No Material Adverse Change".

Antibody products

We offer veterinary antibody products, especially purified antibodies from egg yolk. These products provide targeted, ready-to-use immunity to help prevent and manage targeted infections in animals. The list below details our key antibody products from the Track Record Period.

Category	Product Name	Description	Illustrative Diagram	Average Price Range	Primary Uses
Antibody	Ebeishu (鹅倍舒)	Purified yolk antibody		500 ml RMB38-65/bottle 250 ml RMB20-35/bottle	For the treatment of gosling plague
Antibody	Yabeishu (鸭倍舒)	Purified yolk antibody		500 ml RMB28-38/bottle 250 ml RMB11-22/bottle	For the treatment of viral hepatitis in duck

Traditional Chinese veterinary medicine

We also produce traditional Chinese veterinary medicine, which we extract herbal essence and process them into oral solutions, granular formulations and powdered formulations. The below list includes the details of our key traditional Chinese veterinary medicine during the Track Record Period.

Category	Product Name	Description	Illustrative Diagram	Average Price Range	Primary Uses
Powdered formulations	Xianggujian (香菇健)	Lentinan powder		250g RMB30-60/pack	Antioxidant and antiviral effects, modulation of immune function to combat immunosuppression, enhancement of immune responses, and restoration of intestinal health.
Granular formulations	Maxing Shigan Granules (麻杏石甘颗粒)	Mixture of Chinese herbs including ephedra herb, bitter apricot kernel, gypsum and licorice root		500g RMB40-70/pack	Helps relieve coughing and labored breathing associated with a wide range of underlying conditions.

Chemical and drug formulation

We also manufacture a range of chemical and drug formulation with a focus on veterinary disinfectant products for on-farm biosecurity and antibiotic products for disease treatment and prevention. These products are formulated for microbial control and to support disease prevention. Our chemical and drug formulation products also include our pet pharmaceutical products. The following table details our key chemical and drug formulation products during the Track Record Period.

Category	Product Name	Description	Illustrative Diagram	Average Price Range	Primary Uses
Disinfectant . . .	Xinlvyou (信氯優)	Sodium dichloroisocyanurate		500g RMB5-10/pack	For disinfection of poultry barn, utensils, and hatching eggs
Antibiotic . . . . –		Tilmicosin premix		500g RMB65-95/pack	Macrolide antibiotics. For the treatment of infections in swine caused by actinobacillus pleuropneumoniae, pasteurella multocida and mycoplasma

Animal feed and feed additives

Our animal feed and feed additives products offer a sustainable approach to managing gut health and providing necessary nutrients. This leads to stronger animal health and enhanced farm productivity. The below list includes the details of our key animal feed additives during the Track Record Period.

Category	Product Name	Description	Illustrative Diagram	Average Price Range	Primary Uses
Animal feed additives	Pulijian (普力健)	Glucose oxidase		1kg RMB40-80/pack	Antifungal detoxification, health promotion, and production performance enhancement

RESEARCH AND DEVELOPMENT

Our robust in-house R&D capabilities are the cornerstone of our competitive advantages and an important driver for our continuous growth. We are committed to improving our innovation capabilities and making technological breakthroughs, and have incurred approximately RMB69.0 million, RMB81.3 million, RMB95.7 million and RMB39.9 million of R&D expenses in FY2023, FY2024, FY2025 and 5M2026, respectively.

In-house R&D Team

Our R&D capabilities lies with our experienced and highly educated R&D team. We conduct our R&D activities by harnessing the talents of our own team as we believe in the long-term strategic benefits of developing our core technologies by ourselves.

Headed by Mr. Song Qingqing, our R&D director, our R&D team manages a comprehensive range of animal health product R&D processes including key stages such as project evaluation and feasibility studies, product safety and efficacy evaluation, clinical trials and registration for new veterinary drug matters. The integration of these capabilities creates synergy that supports our continuous growth.

As at the Latest Practicable Date, our in-house R&D team consisted of 191 employees, with over 60% of whom holds doctoral or master's degrees. The following table sets forth the composition of our R&D team as at the Latest Practicable Date.

R&D Team	Number	% of Total
Veterinary biological products research (生物製品研發部)	155	81.2
Traditional Chinese veterinary medicine and chemical and drug formulation research (中化藥製劑研發部)	25	13.1
Project management (項目管理部)	8	4.2
Plant health products research (植保研發部)	3	1.6
Total	191	100.0

R&D Collaboration Arrangements

In addition to our in-house R&D efforts, we, from time to time, entered into collaborative R&D arrangements with veterinary research institutes and local academia such as Lanzhou Veterinary Research Institute and Qingdao Agricultural University, as well as with industry participants on specific technologies. Our major joint development projects in progress include a subunit vaccine targeting African swine fever, a trivalent subunit vaccine targeting foot-and-mouth disease, classical swine fever and pseudorabies, a bivalent hexavalent inactivated vaccine targeting Newcastle disease, HPAI (H5 and H7 subtype) and LPAI (H9).

We categorise these arrangements into two principal types based on their nature and scope: (i) technological development collaborations, under which the parties jointly develop new technologies or products; and (ii) strategic collaborations, which are broader, long-term partnerships covering multiple functional areas. The following table summarises the salient terms of our typical collaboration agreements.

Technological Development (技術開發)

Scope of Services	Usually involves joint technological R&D of veterinary biological products, chemical and drug formulations and traditional Chinese veterinary medicines, feed additives and related technologies and devices, covering poultry, swine, ruminants, aquatic animals and pets. Services extend to training, and product optimisation, with deliverables including databases, formulations, patents, trial reports, and new veterinary drug certificates.
Intellectual Property Rights	The allocation of intellectual property depends on the nature of the arrangement: (i) under commissioned development and study arrangements, intellectual property in the deliverables generally vests in us; (ii) under joint development arrangements, newly developed intellectual property is generally co-owned in agreed proportions; and (iii) under certain projects led by national veterinary research institutes, the research institute retains the intellectual property, and we obtain the right to be named as a co-applicant of the new veterinary drug certificate and the production right of the relevant product.

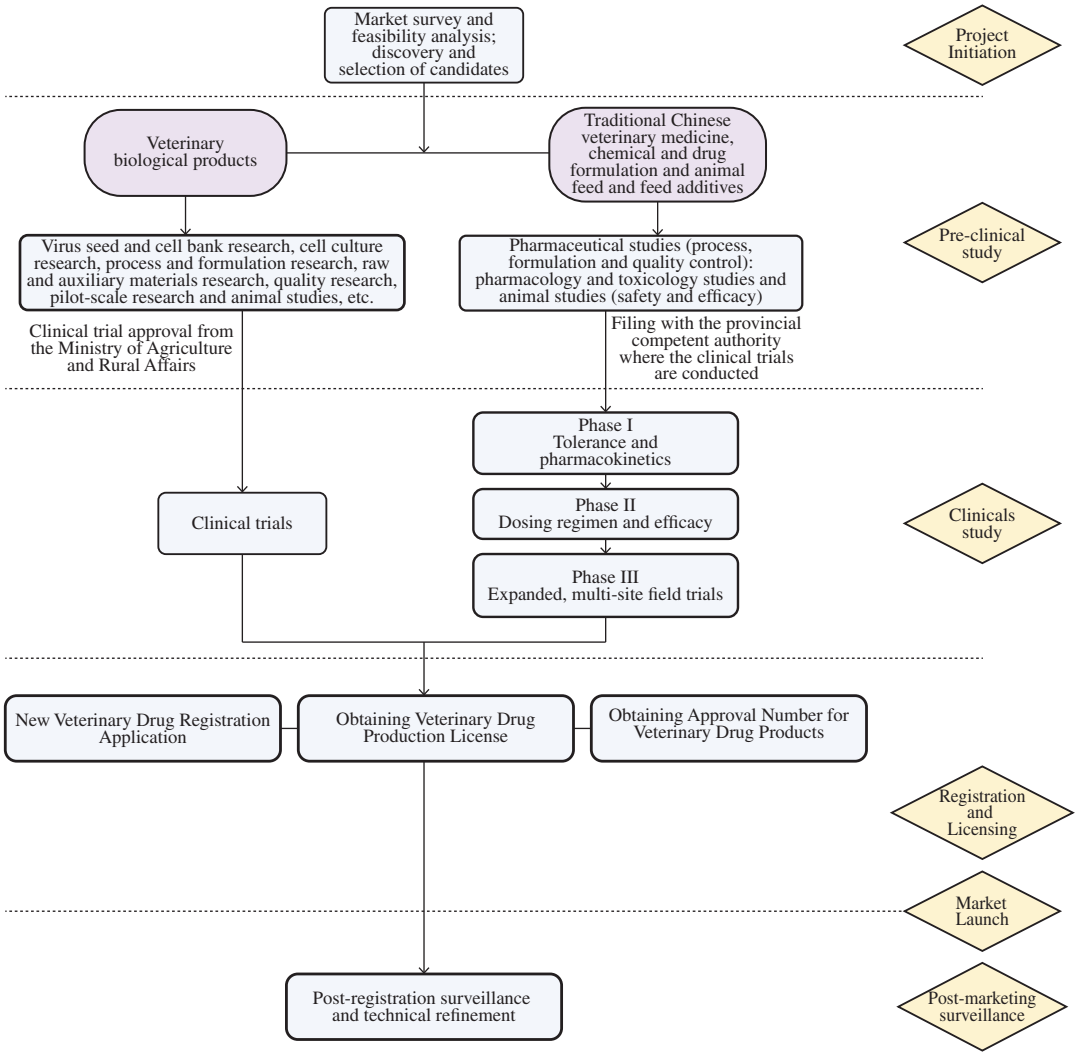
Royalty and Revenue-sharing	Under certain agreements, in particular where the collaboration partner retains the intellectual property, we are required to pay royalties based on a certain percentage of the annual sales of the relevant product, generally for a period of five to 20 years after the relevant Approval Number for Veterinary Drug Products is obtained. Where intellectual property is co-owned, proceeds from any transfer of the relevant new veterinary drug certificate or production rights to third parties are generally shared in proportion to the parties' respective interests in the intellectual property or as otherwise agreed.
Termination	Termination events typically include force majeure, changes in applicable laws or regulations, technical failure, or material breach. Where termination arises from a reasonable research and development failure, payments already made are generally non-refundable and each party ordinarily bears its own losses.

Strategic Collaboration (戰略合作)

Scope of Services	The agreements typically establish long-term strategic alliances in animal health, covering the research and development of vaccines against African swine fever and other major animal diseases, the monitoring, prevention and control of immunosuppressive diseases in poultry, solutions for major waterfowl diseases, and the joint establishment of research centres and laboratories with universities. Deliverables usually include patents, new veterinary drug certificates, diagnostic methods, validated disease control solutions and talent training.
Intellectual Property Rights	Pre-existing intellectual property typically remains with the respective originating party. Results jointly developed under the collaboration are usually jointly-owned, or otherwise the allocations of ownership or of transfer proceeds are typically determined by reference to the parties' respective contributions to the development of such intellectual property. Transfers of jointly owned intellectual property to third parties ordinarily require mutual consent and are generally subject to agreed revenue-sharing arrangements.
Termination	Termination events typically include material breach, lack of progress, force majeure, regulatory or policy changes, or non-payment. Payments already made are generally non-refundable, unless the termination arises from a failure attributable to the research partner.

R&D Process

The following flowchart summarises the typical R&D process for our animal health products:



Generally, the development of our animal health products involves the following stages:

- ***Project initiation and evaluation:*** Our R&D process begins with a thorough market analysis, which includes direct customer engagement and monitoring of industry trends. We will then conduct feasibility study covering strategic fit, market potential, and technical viability of potential product with risk assessment. Findings are formally reviewed internally for strategic alignment and resources planning. Upon approval, an appointed project manager makes a detailed plan covering timelines, resources, and deliverables.

- ***Pre-clinical study***

  For veterinary biological products: Pre-clinical development for our veterinary biological products begins with strain screening and engineering for viral/bacterial strains with optimal immunogenicity and safety for production. This is followed by research for virus seed and cell to establish stable starting materials. Raw and auxiliary materials research, adjuvant and compatibility studies and animal studies are conducted concurrently to qualify all critical inputs and to enhance the immune efficacy of the final formulation respectively.

For traditional Chinese veterinary medicine, chemical and drug formulation and animal feed and feed additives products: Pre-clinical development for our traditional Chinese veterinary medicine, chemical and drug formulation and animal feed and feed additives products starts with comprehensive pharmaceutical studies focusing on process development for manufacturing, formulation optimisation for stability and delivery, and quality control to ensure consistency. Concurrently, pharmacology and toxicology studies, and animal studies, including safety assessments and laboratory efficacy studies, are performed to evaluate the biological activity. The successful completion of this integrated pre-clinical work generates the essential data that are required to support the initiation of clinical trials.

- ***Clinical trial***

  For veterinary biological products: The clinical trial phase for our veterinary biological products is conducted upon obtaining the official clinical trial approval from the Ministry of Agriculture and Rural Affairs. The commencement of clinical trial allows for the comprehensive evaluation of both efficacy and safety in target species under controlled field or simulated field conditions. This phase generates the critical data necessary to substantiate the product's performance, safety, and quality, forming the evidence for the subsequent submission of the new veterinary drug registration application.

  For traditional Chinese veterinary medicine, chemical and drug formulation and animal feed and feed additives products: The clinical phase began upon completion of regulatory filing with the provincial competent authority where the trial sites are located, such as the Provincial Department of Agriculture and Rural Affairs and the Bureau of Animal Husbandry and Veterinary Medicine. Phase I trials primarily assess the product's tolerance and pharmacokinetics (absorption, distribution, metabolism, and excretion) in a small number of healthy target animals to confirm safety and understand the health impact in the body. Successful trial outcomes lead to Phase II trials, which are designed to determine the optimal dosing regimen and provide preliminary evidence of efficacy in animals affected by the targeted conditions. Following completion of Phase II trials, Phase III trials involve expanded, multi-site field efficacy trials to confirm the product's effectiveness and safety, which are data necessary for regulatory market approval.

- ***Registration, Licensing and Market Launch:*** Following successful clinical trials, commercialisation process commences with the new veterinary drug registration application. We would need to first obtain Veterinary Drug Production License and then obtain the Approval Number for Veterinary Drug Products before we can produce and market the animal health products. Following the obtaining of these requisite licenses, we are able to deliver animal health solutions to client, including through our Targeted Prevention and Control service model.

- ***Post-marketing surveillance:*** Following market launch, we shift our focus to post-registration monitoring and technical refinement. This phase involves the monitoring of product's performance, safety, and efficacy under conditions of widespread field use. Feedback from the field is collected and analysed to ensure the sustained quality, safety, and relevance of the product throughout its commercial life.

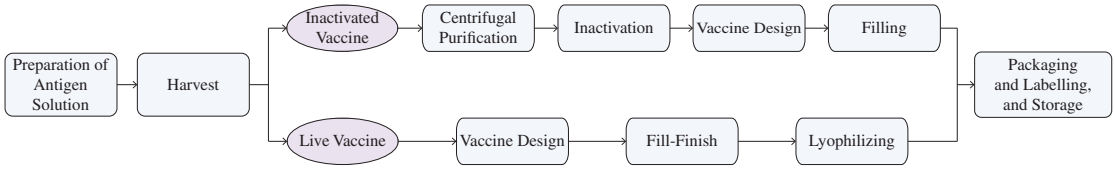
PRODUCTION

Production process

We have established standardised production processes and procedure to ensure consistency and quality of our products. Our production process varies by product and is tailored to the specific manufacturing requirements. Below are the manufacturing process charts that highlight the key steps in producing our veterinary biological products, traditional Chinese veterinary medicine, chemical and drug formulation and animal feed and feed additives.

Veterinary biological products

Vaccine products (inactivated vaccine and live vaccine)



The first step involves antigen cultivation to obtain the antigen culture required for the vaccine.

Live vaccines. Mix the harvested antigen culture with a stabiliser according to pre-determined formula. Fill the prepared vaccine into vials, which will then undergo freeze-drying to remove moisture (while preserving activity) prior to vial sealing to be delivered.

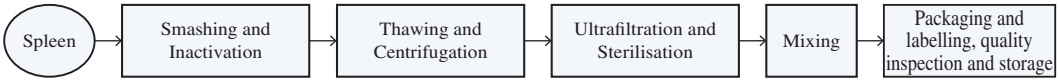
Inactivated vaccines. The active components are first separated and purified from the antigen culture, following which an inactivating agent is then added and is held at a specified temperature for a set duration to complete inactivation. Upon confirmation of inactivation, the inactivated material is formulated into an aqueous phase and emulsified through mixing ahomogenisation. The final vaccine product is then sealed in vial and to be delivered.

Antibody products



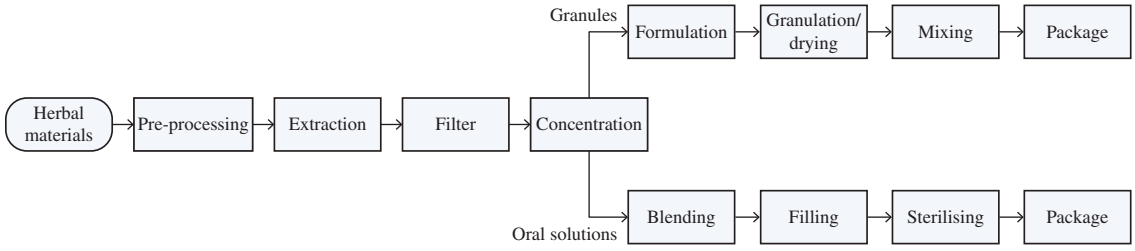
The production of antibody products begins with the preparation of antigen according to the specific vaccine strain. This vaccine is then used to immunise the chicken flock. Eggs are collected once the antibody titers in the flock reach the required standard for harvest. The eggs will undergo surface disinfection before yolk separation. The separated yolk is pasteurised, then processed through extraction, concentration, and centrifugation, followed by caprylic acid treatment for further purification. The purified antibody intermediate is transferred to a mixing tank for formulation into the final liquid product. The formulated bulk is aseptically filtered through a depth filtration system, then filled into sterile containers. Each filled unit is labelled, code-scanned, and packed into cartons. Strict controls are maintained to ensure container seal integrity, label and code accuracy, and consistency across packaging levels. Only after the final product passes all required quality tests is it released for transfer to the finished goods warehouse.

Transfer factor products



The production process begins with the crushing and inactivation of immune organs to release target components and eliminate pathogenic activity. The crushed and inactivated material then undergoes freeze-thaw cycles and centrifugation to separate the supernatant from insoluble residues. This is followed by sequential clarification and sterilisation filtration to remove particulates and micro-organisms. The sterilised bulk is then aseptically filled into containers, which are sealed and inspected. Subsequently, the vials are labelled, packaged, and assigned unique traceability codes via scanning. Finished products are held in a quarantine warehouse pending quality control release and, once approved, are transferred into the finished goods warehouse.

Traditional Chinese veterinary medicine

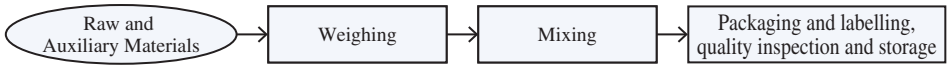


Production begins with the dispensing of raw materials according to the production order. Herbal materials first undergo pre-processing steps such as sorting and crushing before being weighed and verified per prescription. The materials are then extracted, filtered, and concentrated in the extraction workshop.

Oral solutions. The concentrate is transferred to the blending area, where, after passing in-process testing, it is filtered, filled, and sealed, with regular checks on fill weight. The product is then sterilised, labelled, and undergoes secondary packaging and sealing.

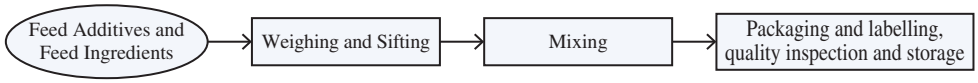
Granules. The concentrated extract is collected in a clean area and transferred for formulation, followed by granulation or drying, then mixing and packaging.

Chemical and drug formulation



Raw materials and designated auxiliary ingredients are procured and dispensed according to the specific production order. Precise weighing is conducted adhering to the approved formula. The components are then transferred to a mixer or liquid preparation tank for homogenisation. Following successful semi-finished product quality inspection, the mixture proceeds to quantitative filling. Throughout the packaging operation, filling weights are subjected to continuous random sampling to ensure all variations remain within stringent regulatory limits. Each unit is then inspected for seal integrity, assigned a unique code for traceability, and receives its primary and secondary packaging. Cases are packed, sealed, and labelled, with checks to guarantee that case quantities are accurate and that all information on case labels, packing lists, batch numbers, and QR codes is fully aligned and consistent. Only after receiving final approval from product inspection are the finished goods released for transfer to the warehouse.

Animal feed and feed additives



The production of animal feed and feed additives begins with the dispensing of raw materials and additive components in accordance with the specific production order. All ingredients are weighed following the prescribed formula, then transferred to a mixer or liquid preparation tank for blending. This blend undergoes quantitative packaging, during which fill weights are subject to continuous random sampling to ensure all variations comply with established regulations. Each package is then inspected for seal integrity before proceeding to external labelling, cartoning, and case sealing. Strict controls are maintained to verify carton count accuracy and to ensure complete consistency among the information printed on case labels, packing slips, and product batch codes. Only after the final product passes all quality inspections is it released for transfer to the finished goods warehouse.

Manufacturing Facilities

Our facilities are designed and managed in strict compliance with the GMP standards. As at the Latest Practicable Date, our Group's production infrastructure comprises of 34 GMP certified production lines, enabling the manufacture of a diverse portfolio of veterinary biological products, traditional Chinese veterinary medicine, chemical and drug formulation and animal feed and feed additives. Below sets out details of each of our major production bases.

Beijing Production Base

The Beijing Production Base is situated at No. 118 Shunyu Road, Gaoliying Town, Shunyi District, Beijing. Occupying approximately 29,948.6 sq.m. of Company-owned land, this facility is a core site for veterinary vaccine production. The base operates two primary workshops: an inactivated vaccine workshop and a live vaccine workshop, which together houses seven GMP certified production lines for cell culture virus, embryo culture virus, bacterial, and bacterial-expressed subunit vaccines.

Shandong Sinder Industrial Park

The Shandong Sinder Industrial Park is situated at No. 195 Shungeng Road, Zhucheng City, Shandong Province. Occupying approximately 69,200 sq.m. of Company-owned land, this industrial park is dedicated to the production of chemical and drug formulations, antibody products and transfer factor products. The facility houses 14 GMP certified production lines.

Shandong Jiayue Production Base

The Shandong Jiayue Production Base is situated at No. 263 Xinsheng Road, Jiayue Town, Zhucheng City, Shandong Province, this facility occupies approximately 37,840 sq.m. of Company-owned land. It specialises in veterinary vaccine manufacturing, most notably for hosting China's first production line approved to use cell suspension culture technology for manufacturing inactivated vaccines against HPAI, according to CIC. The site also contains additional production lines for other virus inactivated vaccines (including subunit types) and for bacterial inactivated vaccines. This facility houses four GMP certified production lines.

Shandong Haili Production Base

Adjacent to the Shandong Sinder Industrial Park, the Shandong Haili facility operates on leased premises. With a designed annual capacity of 330 million milliliters for inactivated vaccines and 252 million doses for live vaccines, the site hosts nine GMP certified production lines. Key products manufactured here include vaccines for Porcine Circovirus (PCV).

The following table sets out the designed capacity, production volume and utilisation rate of our Group by product category as indicated during the years/periods:

Product base	FY2023			FY2024			FY2025			5M2026		
	Designed production capacity[1]	Production volume	Utilisation rate[2]	Designed production capacity[1]	Production volume	Utilisation rate[2]	Designed production capacity[1]	Production volume	Utilisation rate[2]	Designed production capacity[1]	Production volume	Utilisation rate[2]
			(%)			(%)			(%)			(%)
Shandong Sinder Industrial Park												
Veterinary biological products												
– Antibody *(10,000 litre)*	252.0	232.9	**92.4**	252.0	219.5	**87.1**	252.0	229.8	**91.2**	105.0	91.2	**86.9**
– Transfer factor *(10,000 litre)*	196.6	108.2	**55.0**	196.6	117.5	**59.8**	196.6	179.8	**91.5**	81.9	55.5	**67.7**
Chemical and Drug formulation												
– Liquid *(10,000 litre)*	103.2	68.8	**66.7**	103.2	69.8	**67.6**	103.2	68.7	**66.5**	51.4	33.9	**66.0**
– Solid *(tonnes)*	5,745.0	1,312.0	**22.8**	5,745.0	5,279.0	**91.9**	5,745.0	4,735.7	**82.4**	3,425.1	3,136.0	**91.6**
– Tablet *(10,000 tablets)*	806.0	539.0	**66.9**	806.0	682.0	**84.6**	806.0	665	**82.5**	335.8	280.1	**83.4**
Traditional Chinese veterinary medicines												
– Liquid *(10,000 litre)*	26.2	14.8	**56.5**	26.2	15.1	**57.6**	26.2	13.8	**52.7**	10.9	5.1	**46.4**
– Granules *(tonnes)*	126.0	67.0	**53.2**	126.0	14.0	**11.1**	126.0	1.6	**1.2**	–	–[5]	**–**
Animal feed and feed additives												
– Feed additives *(tonnes)*	2,175.6	668.9	**30.7**	2,175.6	546.3	**25.1**	2,175.6	631.6	**29.0**	906.5	293.8	**32.4**
Shandong Jiayue Production Base												
Veterinary biological products												
– Inactivated vaccine *(100 million millilitre)*	10.0	6.5	**64.8**	10.0	6.4	**64.4**	10.0	9.0	**90.1**	4.2	3.4	**81.0**
Beijing Production Base												
Veterinary biological products												
– Live vaccine *(100 million doses)*[3]	100.0	54.6	**54.6**	100.0	44.8	**44.8**	100.0	53.7	**53.7**	41.7	20.0	**48.0**
– Inactivated vaccine *(100 million millilitre)*	5.4	4.9	**90.1**	5.4	4.3	**80.2**	6.3	5.7	**90.0**	2.6	2.0	**74.8**
Shandong Haili Production Base												
Veterinary biological products												
– Live vaccine *(100 million doses)*[3]	2.5	0.4	**16.0**	2.5	0.3	**10.5**	2.5	0.3	**13.6**	1.1	0.1	**10.4**
– Inactivated vaccine *(100 million millilitre)*	3.3	0.7	**20.0**	3.3	0.5	**15.8**	3.3	0.4	**12.3**	1.4	0.1	**6.2**
Huaxi Production Base[4]												
Chemical and Drug Formulation												
– Liquid *(10,000 litre)*	5.0	2.1	**41.5**	5.0	1.1	**22.7**	5.0	1.2	**24.5**	2.1	0.8	**36.7**
Traditional Chinese veterinary medicines												
– Liquid *(10,000 litre)*	126.0	91.0	**72.2**	126.0	59.3	**47.0**	126.0	65.2	**51.7**	52.5	27.2	**51.8**
– Granules *(tonnes)*	126.0	96.7	**76.7**	126.0	69.3	**55.0**	126.0	94.3	**74.8**	52.5	50.3	**95.8**
Animal feed and feed additives												
– Feed additives *(tonnes)*	756.0	76.7	**10.2**	756.0	127.5	**16.9**	756.0	120.6	**15.9**	315.0	67.3	**21.4**

Notes:

(1) The designed production capacity for each of FY2023, FY2024, FY2025 and 5M2026 is calculated based on (i) the estimated daily production volume per production line, (ii) the number of available production lines and (iii) the number of working days which was 21 working days per month multiplied by 12 months/5 months for the respective year/period.

(2) Utilisation rate is calculated as actual production volume for the year/period divided by the production capacity for the year/period.

(3) "Hundred million doses" (億羽頭份) is a standard industry unit in China's veterinary biological products (vaccine) sector denoting the vaccine volume expressed in 100 million doses for poultry (one dose per bird) or for livestock (one dose per animal).

(4) In addition to our four major production bases, we have Huaxi Production Base located in Mianyang City, Sichuan Province, PRC.

(5) The machinery and equipment in the relevant production line was reallocated to other production lines primarily out of asset optimisation and manufacturing flexibility considerations.

Our production machinery and equipment

We purchase our major production machinery and equipment from reputable domestic suppliers. As at the Latest Practicable Date, majority of the machinery and equipment material to our production process at our production plants in operation were owned by us. Our major types of machinery and equipment as at the Latest Practicable Date: were (i) Electromechanical purification equipment (機電淨化設備); (ii) Disc Stack Centrifuge (碟片離心機); (iii) Lyophilizer (真空低溫液體乾燥機); (iv) Fluidised bed granulator (多功能沸騰製粒機); (v) Fermentation tank; (vi) Bioreactor (生物反應器); (vii) Ultra-filtration equipment (超濾設備); (viii) Chromatography equipment (層析設備); and (ix) Sterile vial/injection filling lines (無菌瓶裝/注射用製劑灌裝線).

Our principal equipment and machinery generally have useful lives of around 5 to 14 years, and these useful lives may be extended for a longer period if they are under proper repair and maintenance. We believe that our production facilities are well-maintained and are in good operating condition, and none of our production facilities, or the production technology involved, is obsolete or outdated. We have implemented standardised procedures and guidelines for the operation, management, and maintenance of our production facilities. We carry out regular inspections and assessments of the condition of our production facilities and conduct regular repair and maintenance. We estimate that the average remaining useful lives of our production facilities are generally over ten years.

We adopt the straight-line method to recognise the depreciation of our machinery and equipment. For FY2023, FY2024, FY2025 and 5M2026, our capital expenditures in relation to property, plant and equipment amounted to approximately RMB89.9 million, RMB31.7 million, RMB25.4 million and RMB8.2 million, respectively.

Repair and maintenance

We have adopted a preventive maintenance system for our machinery, including standardised inspection and maintenance procedures which require our production team to schedule regular downtime for maintenance and repairs, and regular inspection of our production machinery in order to ensure our production lines run smoothly. Our production compartments are subject to on-going maintenance checks. Regular maintenance of our production facilities is generally performed on a monthly basis. The standardised inspections and maintenance procedures include daily physical checks and inspections of major production machinery and equipment to ensure smooth production processes for the day-to-day operation. Our regular maintenance and inspections scheduled to rotate to avoid a complete shutdown of production operation of our production facilities. Detailed assessments and inspections as well as cleaning of major production machinery and equipment would be conducted quarterly when needed. As part of our Group's preventive maintenance system for machinery, comprehensive inspections and checks are conducted on an annual basis. In-depth and comprehensive repairs and maintenance works for production machinery and equipment would be conducted when there are notable and significant wear and tear, or deteriorating in conditions are noted during the inspections and maintenance procedures.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material or prolonged interruption of our production processes due to machinery failure, which had significant impact on our financial conditions.

Supplier Management

We consider flexible supply chain management capability a key strength to ensure our sustainable development and continuous enhancement of cost efficiency. Through years of efforts, we have established a technology-backed and highly integrated supply chain management system, through which we managed to achieve transparent and dynamic inventory management, supported and complemented by advanced technology measures and long-standing cooperation relationships with a broad range of quality suppliers.

Supplier Selection and Management

Our Group maintains a comprehensive and systematic supplier management framework governed by formal internal policy. New supplier selection adheres to a rigorous multi-departmental approval process. Candidates are evaluated based on, amongst others, legal operating credentials, quality assurance systems, market reputation, financial stability, and service capability. Initial screening is followed by mandatory sample testing across at least three batches of production materials, conducted by the quality control department and technical department, with further production line trials where necessary. Subsequently, procurement department organises on-site or documentary audits. Only upon successful completion of these steps is a supplier approved and added to the official qualified supplier list.

Ongoing management of suppliers includes an annual performance evaluation scored across criteria including quality, price, delivery, payment terms, and level of cooperation. Suppliers are graded A, B or C, with grade directly influencing procurement volume, inspection frequency, and relationship status. C-grade suppliers are subject to rectification or elimination. Our Group maintains one to three pre-qualified suppliers for each material category including designated primary and immediately deployable secondary sources. The suppliers within this pool are vetted and capable of being activated on short notice without additional assessment. This helps mitigate over-reliance on any single supplier, reduces procurement and management costs, enhances efficiency, and ensures supply stability. Conversely, for materials in limited competition or monopolistic markets, our Group pursues strategic cooperation agreements to secure favourable terms on quality, partnership, delivery, and cost. A formal supplier blacklist mechanism permanently or temporarily bans suppliers for serious breaches, including legal disputes, consistent quality failures or bidding fraud, thereby safeguarding the integrity of our Group's supply chain.

Procurement Practices

Our Group employs a hybrid procurement model combining centralised and decentralised purchasing to optimise cost, quality, and efficiency. To leverage on economies of scale, we rely on centralised procurement model for group-wide common materials, bulk commodities, and core materials for key products, which is managed by our headquarters in Shandong Province. Procurement methods are tiered based on material type and value. For major purchases (e.g. projects and equipment over RMB100,000, a formal tendering process is initiated. This process is overseen by a cross-functional tender committee including procurement, legal, accounts and quality control departments. The process features strict controls: supplier pre-qualification, sealed bidding, a two-round fee quotes supervised by the accounts department, and a "lowest bid wins" principle subject to technical evaluation. For non-tender items, a minimum of three written fee quotes are required. Our Group also utilises periodic contracts for frequently purchased items and has defined procedures for emergency and strategic partnership procurement. All procurement activities, from requisition to payment, follow standardised workflows with clearly defined departmental roles and multi-layer approvals, ensuring accountability and control.

Supply Chain Stability

Our Group proactively manages supply chain risks through structured processes for market analysis, strategic inventory planning, and supplier relationship management. The procurement department is responsible for continuous market condition analysis of key raw materials, tracking price trends, upstream factors, and market intelligence. Based on this analysis, formal market analysis reports and proposed stockpiling plans are prepared. These plans are reviewed and approved by business, finance, warehouse departments, and senior management committees before execution, ensuring alignment with market demand and financial liquidity. A dedicated decision-making mechanism exists for responding to fluctuations in the price of raw materials. For anticipated price increases, cross-functional coordination among procurement, product management, sales, warehouse, and finance facilitates consensus on emergency procurement plans. For anticipated price decreases, a coordinated strategy minimises inventory holding. Furthermore, the supplier management principle of maintaining one to three pre-qualified suppliers prevents over-reliance on a single source and enhancing resilience against supply disruptions.

Inventory Management

The inventories of our Group amounted to approximately RMB164.9 million, RMB174.5 million, RMB175.9 million and RMB157.2 million as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively. Our inventory encompasses a comprehensive range of materials essential for our operations, including finished goods, work-in-progress and raw materials. Given the nature of our veterinary biological products, such as vaccines and antibodies, we maintain strict temperature-controlled storage and transportation protocols. To ensure the stability, safety and efficacy of these temperature-sensitive products throughout their lifecycles, they are stored in designated refrigerated or freezing facilities in strict accordance with statutory pharmaceutical storage requirements. Our warehouses are equipped with automated temperature alarm systems and back-up power generators to prevent thermal deviation. Furthermore, to ensure product quality during transit, we utilise specialised cold-chain logistics arrangements where cold-chain transport vehicles are integrated with real-time temperature data loggers. To ensure control across the entire warehousing lifecycle, we have established a systematic inventory management framework.

Inventory levels are actively monitored through regular counting procedures. Comprehensive group-wide physical inventory counts are organised regularly by the finance department. This process involves personnel from warehousing, finance, and auditing functions to verify record accuracy. We identify slow-moving or obsolete inventory and have established approval workflows for their timely review and disposal. We have not experienced any significant inventory write-offs during the Track Record Period and up to the Latest Practicable Date.

QUALITY MANAGEMENT

Quality Control in the Procurement of Raw Materials

Our Group's procurement of raw materials is underpinned by a multi-layered quality control system from initial sourcing to final acceptance. This process begins with the material verification protocol, where potential new suppliers for critical raw materials must submit at least three batches of samples. These samples undergo mandatory testing by our independent quality control department, followed by stability trials conducted by the technical department. For critical items in the production process, adaptability verification on pilot or full production lines is required prior to any commercial approval. This gatekeeping function is supported by the procurement committee, which reviews and approves all new supplier verification results.

All incoming materials are subject to inspection upon arrival. For warehouse-bound materials, such as active ingredients, must pass documented quality checks before storage, while non-warehouse materials would have to be assessed by the corresponding ordering team. Furthermore, bi-annual supplier evaluation process systematically scores suppliers on quality performance, thereby directly impacting procurement volume and audit frequency. For high-value national standard materials with annual procurement exceeding RMB3 million, our Group mandates annual third-party laboratory testing. This embedded, procedure-driven approach ensures that all procured raw materials consistently meet our stringent specifications, directly supporting the integrity and reliability of our final products.

Quality Control during Production

Our manufacturing operations are conducted in strict compliance GMP standards to ensure the highest level of product purity, quality, safety, and efficacy. We have implemented a comprehensive quality control system that covers every stage of production. This system includes rigorous in-process testing and inspection according to established internal quality standards and regulatory requirements. Critical quality attributes are tightly monitored and must meet established in-process specifications before proceeding to the next manufacturing step. Key in-process checks include:

- **Sterility and microbiological control —** ensuring products are free from bacterial, mycoplasma, and exogenous virus contamination.

- **Physical and chemical properties —** appearance, pH, and specified biochemical markers
- **Process-related impurities —** residual levels of process agents

All quality controls procedures are fully documented, and each batch is traceable from raw material to finished product. This integrated approach — combining in-process verification with final release testing — allows for traceability which enables us to quickly identify and address any quality issues, ensuring the integrity and safety of our products.

Quality Control of Final Products

We enforce internal release standards for all finished animal health and ancillary products — this final gatekeeping step focuses on confirming that the fully manufactured product meets all predetermined specifications for safety, efficacy and stability before it is cleared for the market.

The release is contingent upon the successful completion of a defined suite of mandatory inspections on the finished product. This final quality verification includes critical safety assessments through animal studies, as well as potency evaluations — such as challenge-protection tests for antibodies or bioactivity assays for immunomodulators. These tests are conducted in strict accordance with the current pharmacopoeia standards and our internal control specifications.

A batch is only approved for market distribution upon obtaining a full pass from all required release inspections and testing procedures, including the definitive safety and potency animal studies. Any failure to meet any release criterion triggers an immediate quarantine and a formal investigation. This decisive final control, centred on direct product performance verification, guarantees that only products proven to be safe and efficacious are supplied to the market.

AFTER-SALES SUPERVISION

We have implemented a thorough management framework to oversee the quality and safety of our products in the post-marketing phase, including product complaints, product recalls and adverse drug reaction reporting. The procedure ensures all complaints are promptly reported, classified, and investigated on-site. Complaints are resolved through a clear escalation matrix, where authority levels are defined based on the nature of the issue and its financial impact, ranging from business unit leadership to a cross-functional committee and, when necessary, senior executive approval. The process emphasises root-cause analysis, corrective action, and closed-loop tracking. Regular reviews are conducted to assign responsibility, implement preventative measures, and integrate lessons learnt into training, thereby preventing recurrence and driving continuous enhancement of product quality and customer satisfaction.

Product return

We maintain a structured product return policy to address product returns in accordance with operational and quality control protocols. Our standard policy does not accept returns except for verified adverse reaction, quality defects or dispatching errors. No returns will be accepted without the prior written authorisation of our Company.

In the event of a suspected defect, we initiate an immediate investigation following our established product return operating procedure. This includes traceability verification, quarantine of returned products, and comprehensive quality evaluation performed by our quality department in coordination with sales department and warehouse operation team. The investigation assesses the root cause — such as adverse reactions, verified quality issues, distributor handling errors, or customer-related factors — and determines the appropriate testing regimen, ranging from full specification testing to targeted analysis based on the return interval and reason. All returns are documented in detail and are managed within a designated quarantine area until final disposition is authorised.

Product recall

Our Company has established a comprehensive product recall policy and corresponding standard operating procedures with the primary objective to ensure drug safety by enabling the timely and effective recall of commercialised products that are found, or suspected, to pose a potential safety risk. To maintain the effectiveness of this system, our Company periodically conducts recall rehearsals on its own motion.

A recall process is triggered by quality or safety-related information from various channels, including customer complaints, returned goods, internal quality controls, and official regulatory notifications. Upon receiving such information, the quality control department conducts investigation and risk assessment and decide if a recall is necessary. Once a recall decision has been reached, our Company will comply with a recall execution process which includes notifying the competent regulatory authority, notifying all affected distributors and customers based on sales records and requesting the return of specified product batches.

Product liability risk management

To manage and mitigate potential product liability risks, in addition to our internal quality control and after-sales supervision procedures, we maintain product liability insurance for certain of our products. We actively evaluate our risk exposure and market conditions, and plan to progressively expand the coverage scope of our product liability insurance to further safeguard our operations against potential claims.

Furthermore, we had not received any material customer complaints, including any claims or allegations relating to product efficacy, product quality, or product defects during the Track Record Period and up to the Latest Practicable Date.

Food safety and regulatory compliance

During the Track Record Period and up to the Latest Practicable Date, our products were primarily applied to livestock and poultry which are ultimately intended for human consumption. We recognise that the quality and safety of our animal health and ancillary products are integral to the integrity of the human food chain.

To prevent contamination and residual issues that could give rise to food safety incidents, we implement the following measures: (i) stringent supplier qualification and regular residue testing of raw materials; (ii) production process controls including physical segregation, dedicated equipment and validated cleaning procedures to prevent cross-contamination; and (iii) stating the prescribed withdrawal period (being the minimum interval that must elapse after administration before the treated animal, or its products such as meat, eggs or milk, may enter the food chain) on the packaging or package insert of all veterinary drug products.

During the Track Record Period and up to the Latest Practicable Date, there had been no incidents, regulatory inquiries and/or product quality issues relating to food safety that were associated with our products.

SALES, MARKETING AND DISTRIBUTION

During the Track Record Period, we derived revenue primarily by way of direct sales to our customers including large scale poultry and livestock farms, while sales by way of distributors to small scale poultry and livestock farms and individual farmers being the second largest sales channel. When exploring and maintaining our customers, we mainly adopt a direct sales approach by implementating of our Targeted Prevention and Control model through direct negotiations with the high-valued large scale farms on the premise that our qualifications have been recognised by them and we have been admitted onto the approved vendor lists of theirs. We maintained long-term business relationships with many of our large scale customers in the poultry and livestock industry, for example, the majority of our top five customers during the Track Record Period have cooperated with us for more than ten years. Our distribution network complements our direct sales network by reaching out to more small scale poultry and livestock farms and individual farms via our distributors for us to have a wider clientele.

The remaining portion of our revenue during the Track Record Period came from (i) government procurement which is typically secured through tendering processes; (ii) export sales; and (iii) electronic commerce. Our export sales are conducted on a distributor-based sales model through local business partners in overseas markets, which is primarily driven by the regulatory requirements for animal health products in various overseas jurisdictions. In many of our export markets, the local registration process normally requires the manufacturer (i.e. our Group) and a local partner to jointly submit product registration applications. Upon obtaining the relevant import approvals, such local business partners, acting as our overseas distributors, purchase our Group's products from us, arrange for import customs clearance, and subsequently distribute the products to end customers in their respective markets. We maintained a seller-buyer relationship with such local business partners in overseas market. Our electronic commerce business represents a minor and residual segment of our total revenue and is mainly confined to our egg products, which utilise third-party e-commerce platforms to reach retail consumers directly. We do not authorise, permit or conduct the sale of our veterinary biological products, traditional Chinese veterinary medicines, chemical and drug formulations, and animal feed and feed additives on such third-party online platforms.

The following table set forth the breakdown of our revenue from sales of veterinary products in absolute amounts and as percentages of total revenue by sales channel for the years/periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct sales	691,561	70.2	683,312	69.6	830,677	69.6	339,337	69.5	364,825	71.9
Distributors	204,750	20.8	194,188	19.8	198,758	16.6	83,391	17.1	79,805	15.7
Government procurement	72,615	7.4	73,474	7.5	95,783	8.0	42,053	8.6	18,321	3.6
Export	12,164	1.2	28,275	2.8	66,791	5.6	22,161	4.5	42,378	8.4
Electronic commerce	3,543	0.4	2,556	0.3	2,243	0.2	1,355	0.3	1,848	0.4
Total	984,633	100.0	981,805	100.0	1,194,252	100.0	488,297	100.0	507,177	100.0

In-house Sales Team

As at the Latest Practicable Date, our sales and marketing team comprises of 439 employees. Our sales and marketing operations are strategically segmented and organised with clearly defined responsibilities across key business verticals.

Facing intensifying market competition, the core strategy of our sales team is to deepen customer engagement through targeted value delivery in disease prevention and control. Execution is driven by our technical solutions teams, who are able to provide customised solutions in disease prevention and control. Our marketing team synergises with the sales team across all four segments to facilitate resource allocation through customer tiering. Our marketing and product strategy is fundamentally prevention and control solution-oriented, not product-differentiated by customer scale. We focus on diagnosing and addressing customer-specific challenges, with an emphasis on developing solutions that target critical diseases, with our products serving as integral components within tailored therapeutic or preventative programs.

Distributors

We adopt a distribution model primarily because this enables us to expand our sales outreach to new markets in addition to consolidating our position in existing markets in a cost-effective manner. We have a seller-buyer relationship with our distributors. As at 31 December 2023, 2024, 2025 and 31 May 2026, we had 568, 498, 374 and 321 distributors in the PRC, contributing approximately RMB204.8 million, RMB194.2 million, RMB198.8 million and RMB79.8 million for FY2023, FY2024, FY2025 and 5M2026, respectively representing approximately 20.8%, 19.8%, 16.6% and 15.7% of our revenue, respectively. As at the Latest Practicable Date, our distribution network spun over 26 provinces, autonomous regions and municipalities in the PRC. Most of our domestic distributors provide end-to-end delivery of our products to animal farms. During the Track Record Period, our domestic distributors were designated to sell our products within Mainland China.

The following table sets forth the total numbers of our distributors to whom we directly sold our products to and their movement during the Track Record Period.

	For the year ended 31 December			For the five months ended 31 May
	2023	2024	2025	2026
Number of distributors as at the beginning of the period	679	568	498	374
Number of new distributors during the period	**260**	**195**	**121**	**85**
• Revenue ≥ RMB1.0 million	3	2	2	0
• Revenue < RMB1.0 million	257	193	119	85
Number of discontinued distributors during the period	**371**	**265**	**245**	**138**
• Revenue ≥ RMB1.0 million	1	2	1	3
• Revenue < RMB1.0 million	370	263	244	135
Number of distributors at the end of the period	**568**	**498**	**374**	**321**

Notes:
(1) The number of new distributors represented the number of distributors which transacted with us during the specific year/period, but did not transact with us in the previous year.
(2) The number of discontinued distributors represented the number of distributors which did not transact with us in the specific year, but transact with us in the previous year/period.

The following table shows the breakdown of movement in the number of distributors who had transacted with us during the specific year/period by geographical locations:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
Number of distributors				
• East China[(1)]	210	212	151	123
• South China[(2)]	33	32	18	18
• North China[(3)]	115	74	58	56
• Central China[(4)]	58	48	29	23
• Southwestern China[(5)]	46	52	45	28
• Northwestern China[(6)]	44	28	32	34
• Northeastern China[(7)]	62	52	41	39
Total	**568**	**498**	**374**	**321**

Notes:
(1) East China included Shanghai and the provinces of Jiangsu, Zhejiang, Anhui, Fujian, Shandong and Jiangxi.
(2) South China included Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province.
(3) North China included Beijing, Tianjin, the provinces of Hebei, Shanxi, and the central part of Inner Mongolia Autonomous Region.

(4) Central China included the provinces of Henan, Hubei and Hunan.
(5) Southwestern China included Chongqing, the provinces of Sichuan, Guizhou, Yunnan, and Tibet Autonomous Region.
(6) Northwestern China included Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui, and Xinjiang Uyghur Autonomous Region.
(7) Northeastern China included Heilongjiang Province, Jilin Province, and Liaoning Province.

For FY2023, FY2024, FY2025 and 5M2026, we newly appointed 260, 195, 121 and 85 distributors, respectively, to support our distribution network in the PRC. During the Track Record Period, we onboarded new distributors and also carried out channel optimisation based on several factors, including business needs, the performance of each distributor and our distributor management policy. During the Track Record Period, the overall decrease in the number of our distributors from 568 as at 31 December 2023 to 498 as at 31 December 2024, 374 as at 31 December 2025 and further to 321 as at 31 May 2026 was a result of our ongoing distribution channel optimisation driven by our strategic shift to focus our manpower and resources onto sizable distributors (i.e. revenue per annum exceeding RMB1.0 million) while phasing out fragmented buyers whose individual revenue contributions were relatively immaterial to our overall operations. Revenue from our top ten distributors in each year/period during the Track Record Period amounted to approximately RMB156.6 million, RMB129.5 million, RMB140.5 million and RMB53.6 million, representing 76.5%, 66.7%, 70.7% and 67.1% of our distributorship revenue for the respective year/period. The hundreds of distributors number involved were mainly attributable to the fact that, except for the stable group of major distributors with whom we established cooperation over the years for our key products, we maintained a flexible seller-buyer relationship with many small scale distributors for our aquatic, ruminant and fertiliser products from which the revenue was relatively small while the customer base was highly fragmented, particularly involving many individual customers and individual industrial and commercial households.

During the Track Record Period, our revenue attributable to the discontinued distributors who did not transact with us in FY2024 amounted to approximately RMB11.6 million for FY2023, representing only 1.2% of our revenue for FY2023; our revenue attributable to the discontinued distributors who did not transact with us in FY2025 amounted to approximately RMB9.2 million for FY2024, representing only 0.9% of our revenue for FY2024; and our revenue attributable to the discontinued distributors who did not transact with us in 5M2026 amounted to approximately RMB18.2 million for FY2025, representing only 1.5% of our revenue for FY2025.

Benefits and Reasons for Distributorship Model

Adopting the distributorship model has enhanced our existing business expansion and operational efficiency. The key benefits are as below:

- We typically select distributors that possess extensive resources and established connections with end customers in their respective specified geographic areas in order to address geographical markets that are scattered and fragmented and less refined. By leveraging on the distributors' network, we can rapidly penetrate the regional markets and reach a broader consumer base while reducing the time and costs associated with building our own sales channels.

- Leveraging on our distributors' in-depth knowledge of local consumer preferences, regulatory environments and competitive landscapes, it equips us with valuable market insights and assists us in formulating sales strategies, thereby allowing us to enter new markets more efficiently at a lower cost and risk. It also enhances our cash flow as inventory is typically held and managed by distributors. Compared to expanding our own sales channels in different geographical regions, the capital required to enter new markets in these regions through distributors is significantly reduced and the market response time is faster.

We formulate and implement policies to prevent existing employees from working for or owning equity in any of our distributors. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, all of our distributors are Independent Third Parties and there was no any other past or present relationships or dealings (including,

without limitation, business, employment, family, trust, financing, shareholding or otherwise) between (i) our Company, Shareholders, Directors or senior management or any of their respective associates and our distributors, (ii) and to the best of our knowledge, we are not aware of any business relationship among our distributors. As advised by CIC, it is an industry norm to engage distributors in our line of business.

Terms of Distribution Agreements

The material terms of our distribution agreements are generally set forth as follows:

- ***Term***. Our distribution agreements generally have an effective term of one year.

- ***Authorisation and territory***. Our agreements grant the distributors authorised rights to distribute products within a specified territory.

- ***Minimum sales requirement, sales target and rebate***. Our agreements contain a minimum sales requirement and sales target. In normal cases, the minimum sales requirement serves as a contractual compliance baseline primarily used to evaluate a distributor's operational dedication and eligibility for contract renewal rather than a mechanism for immediate financial penalties. Though underperforming this baseline may give our Group the contractual right to terminate the authorisation, no major distribution agreements were terminated due to the enforcement of this clause during the Track Record Period and up to the Latest Practicable Date. In addition to the mininum sales requirement and sales target represents a mutually agreed purchase volume benchmark that triggers a distributor's eligibility for progressive volume incentives. Distributors that meet or exceed the specified sales performance within the contract period will be eligible for an incentive in the form of product rebates. We utilise a progressive rebate formula approved by our pricing committee, under which the contractual rebates calculated as a percentage of the relevant distributor's actual sales volume for the period. Reflecting this incentive structure, we offered rebates to distributors of approximately RMB21.0 million, RMB22.1 million, RMB22.6 million and RMB4.7 million for FY2023, FY2024, FY2025 and 5M2026, respectively.

- ***Pricing***. The purchase prices are determined in accordance with the policies set by our Group's pricing committee based on factors such as the competitive landscape of comparable products in the market of the distributors' respective geographical area and demand in such markets. Distributors are required under our agreements to observe a minimum market selling price, and are subject to the product rebates as mentioned above. Pricing for sub-distributors is determined independently by the respective distributors based on local market demand and their own business development strategies.

- ***Delivery and Payment***. Payment term require advance payments prior to shipment. After receiving the distributor's order and payment, we will deliver the goods and are responsible for transportation and costs.

- ***Inspection and Confirmation.*** Distributors are responsible for the timely collection of goods, with any delays and resulting consequences borne by them. Distributors must promptly inspect the goods upon receipt. Any discrepancies or defects must be reported immediately, otherwise receipt is deemed acceptance of goods as complete and undamaged.

- ***Intellectual property***. All product related rights, including trademarks, patents, copyrights, trade secrets, technical data, and customer information, remain our exclusive property. Distributors are prohibited from engaging in or assisting any infringement, and must fully indemnify us against any costs, penalties, or liabilities arising from such violations.

- ***Termination***. Either party may terminate the agreement by providing 30 days' prior written notice. Either party may terminate the agreement immediately upon the other party's breach of any contractual term. The breaching party shall compensate the non-breaching party for any losses incurred as a result.

We do not restrict or prohibit our distributors from engaging sub-distributors. We do not enter into sub-distribution agreements with any sub-distributors and primarily rely on our distributors to manage their performance, as the distributors are contractually obligated to comply with the terms of, and deliver results within their assigned territories under, the distribution agreements.

Distributor Management

We adopt a policy on our distributor management which requires us to select and approve our distributors through a structured evaluation process that considers their value, ability to reach end-users, mission and growth objectives, as well as their resources, willingness to cooperate, business outlook, and operating conditions. Distributors are required to hold all necessary licenses for the sale and distribution of the relevant animal health products and/or auxiliary products (if required under the relevant PRC laws).

We manage and monitor our sales channels through a proactive risk-mitigation framework to prevent channel stuffing within our distribution network. We do not impose specific requirement on the product inventory level of our distributors, nor we maintain real-time automated systems to track the daily active inventory statistics including the unsold inventories of our distributors, which is in line with the industry norms of the PRC animal health market. Nevertheless, our business managers regularly conduct periodic on-site client visits and get knowledge of our distributors' inventory levels which may vary but normally fall within a range of one to three months of their rolling sales volume to avoid shortages or disruptions or excessive product accumulation, by referencing to the specific expiration profiles and cold-chain infrastructure requirements inherent in nature to our biological products. The risk of channel stuffing is further mitigated by our prepayment arrangement for sales to distributors, which incentivises them to place orders only for quantities that they are able to sell within the shelf life of the poducts procured. Distributors are required to inspect all goods upon receipt. Returns by distributors for product quality issues such as packaging damage are only permissible when a major defect is identified and must be initiated through a formal application to a product manager, subject to approval in accordance with our Company's product return procedure. The total amount of returned products from our distributors was approximately RMB64,000, RMB686,000, RMB932,000 and RMB225,000 for FY2023, FY2024, FY2025 and 5M2026, respectively, representing an immaterial portion of our total revenue for the same periods.

We optimise the return on our resources invested across distribution channels by classifying our distributors into four tiers based on sales volume, product mix, and comprehensive scoring that evaluates distribution capabilities, operating performance, and customer loyalty. Each tier receives differentiated policies and support, including technical services, market promotion, training, and incentive programs, ensuring that resources are allocated efficiently and effectively. Our Group maintained a substantial sales and marketing workforce in managing and monitoring our distributors by leveraging our ERP system where our sales to distributors, including sales volume and product mix, as well as the distributors' performance against targeted sales (where applicable), were tracked and compiled.

We manage our cannibalisation risk among distributors through the exclusivity in our agreements with our distributors, which specify the designated geographical regions for which the distributor is responsible. Unauthorised cross-region sales or price disruptions are subject to penalties, including warnings, fines, or termination of cooperation. Distributors are responsible for coordinating and controlling pricing among their sub-dealers to maintain orderly market conditions under the supervision of our sales managers. We also require our employees to promptly report any instances of cannibalisation they identify, enabling us to take timely corrective actions.

We have established internal control system that sets out the distributorship management framework within our Group, covering the selection, assessment and approval of new distributors; distributorship management protocols; logistics and dispatch management; authorised credit and receivables management; inventory management mechanisms; and inspection procedures. To mitigate cannibalism and ensure orderly competition across all sales channels, we have established clear market segmentation standards and control processes to define the boundaries of operation for distributors. These include: (i) monitoring and defined procedures for handling violations of territory or channel restrictions; (ii) formulated management policies regarding unauthorised pricing and established controls to continuously monitor potential conflicts of interest among distributors; and (iii) established anti-channelling protocols which expressly define prohibited cross-regional sales scenarios. We have also established rules regarding unauthorised distribution, including cross-regional sales and related penalties. Further, our internal control procedures are supported by our ERP system, which assists us in tracking the flow of goods and monitoring statistics of our sales to dsitributors, which ensures purchase orders from our distributors are in line with historical sales velocities and localised regional market capacity. In addition, our products carry identification markings which enable us to trace the products back to the relevant production batch and identify the parties involved in any unauthorised or unregulated cross-regional sales.

Delivery and Logistics

We are responsible for arranging the delivery of our products to locations designated by our distributors and the logistics costs to be borne by us. Deliveries are arranged through either standard dedicated logistics, express services, or special vehicle dispatch, depending on product type and customer requirements. Shipments are generally dispatched within twenty-four hours of order confirmation, with urgent orders coordinated for same-day delivery.

Products requiring temperature control, including vaccines and veterinary drugs, are transported under strict cold chain protocols. Seasonal measures, such as the use of ice packs or heating packs, are applied to safeguard product integrity during transit. A low-temperature data logger must be placed in the refrigerated cargo compartment throughout the entire transport process to continuously record the storage temperature during transit. Vehicles transporting animal health products must adhere to biosecurity standards, including mandatory disinfection, prohibition of mixed cargo, and protective covering of shipments to prevent contamination.

Our in-house logistics staffs are required to record shipment details into the logistics information system. Customer receipt and confirmation materials are collected, verified, and maintained in the ERP system by our account managers to ensure compliance and accountability.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any major material disruption or damage in relation to the delivery of our products.

CUSTOMERS

During the Track Record Period, our customers mainly consist of (i) large scale farms; (ii) government agencies comprising local agricultural and rural affairs bureaus, animal disease prevention and control centres and other similar government bodies which procure our products mainly to meet the needs for the prevention and control of major animal diseases in their respective localities in order to fulfill national and regional compulsory immunisation mandates, disease monitoring requirements and strategic reserves needs; and (iii) distributors. Revenue from our five largest customers in each year/period during the Track Record Period amounted to approximately RMB183.1 million, RMB163.4 million, RMB193.1 million and RMB99.8 million, representing approximately 18.6%, 16.6%, 16.2% and 19.7% of our total revenue for the respective periods.

The table below sets for the details of our five largest customers during the Track Record Period.

For FY2023

Rank	Customer	Product sold	Credit period	Payment method	Year of establishment of business relationship with our Group	Revenue amount	Percentage of our total revenue
						(RMB'000)	
1 . . .	Daxiang Group* (大象集團)[1]	Chemical and Drug Formulation, Vaccine Products	90 to 360 days	Bank transfer	2011	51,308	5.2%
2 . . .	Customer Group A[2]	Chemical and Drug Formulation, Vaccine Products	Prepayment or 60 to 360 days	Bank transfer	2020	36,806	3.7%
3 . . .	Customer Group D[7]	Chemical and drug formulation, vaccine products	Within 300 days	Bank Transfer	2014	35,825	3.6%
4 . . .	Fujian Shengnong* (福建聖農)[3]	Chemical and Drug Formulation, Vaccine Products	150 days	Bank transfer	2018	32,066	3.3%
5 . . .	Customer B[4]	Vaccine Products, Chemical and Drug Formulation	Prepayment	Bank transfer	2020	27,109	2.8%
	Total					**183,114**	**18.6%**

For FY2024

Rank	Customer	Product sold	Credit period	Payment method	Year of establishment of business relationship with our Group	Revenue amount	Percentage of our total revenue
						(RMB'000)	
1 . . .	Customer Group A[2]	Chemical and Drug Formulation, Vaccine Products	Prepayment or 60 to 360 days	Bank transfer	2020	43,255	4.4%
2 . . .	Daxiang Group* (大象集團)[1]	Chemical and Drug Formulation, Vaccine Products	90 to 360 days	Bank transfer	2011	40,312	4.1%
3 . . .	Fujian Shengnong* (福建聖農)[3]	Chemical and Drug Formulation, Vaccine Products	150 days	Bank transfer	2018	31,200	3.2%
4 . . .	Customer Group D[7]	Chemical and drug formulation, vaccine products	Within 300 days	Bank Transfer	2014	24,622	2.5%
5 . . .	Customer Group C[5]	Chemical and Drug Formulation	Payment on delivery	Bank transfer	2011	23,983	2.4%
	Total					**163,372**	**16.6%**

For FY2025

Rank	Customer	Product sold	Credit period	Payment method	Year of establishment of business relationship with our Group	Revenue amount	Percentage of our total revenue
						(RMB'000)	
1	Customer Group A[2]	Chemical and Drug Formulation, Vaccine Products	60 to 360 days	Bank transfer	2020	49,156	4.1%
2	Daxiang Group* (大象集團)[1]	Chemical and Drug Formulation, Vaccine Products	90 to 360 days	Bank transfer	2011	41,466	3.5%
3	Customer Group D[7]	Antibody Products and Chemical and Drug Formulation	Within 300 days	Bank transfer	2014	36,402	3.0%
4	Hivet Group[6]	Vaccine Products	90 days	Bank contract or letter of credit	2019	34,564	2.9%
5	Customer Group C[5]	Chemical and Drug Formulation	Payment on delivery	Bank transfer	2011	31,515	2.7%
	Total					**193,103**	**16.2%**

For 5M2026

Rank	Customer	Product sold	Credit period	Payment method	Year of establishment of business relationship with our Group	Revenue amount	Percentage of our total revenue
						(RMB'000)	
1	Hivet Group[6]	Vaccine Products	90 days	Bank contract or letter of credit	2019	27,119	5.3%
2	Customer Group A[2]	Chemical and drug formulation, vaccine products	60 to 360 days	Bank Transfer	2020	23,723	4.7%
3	Customer Group C[5]	Chemical and drug formulation	Payment on delivery	Bank Transfer	2011	17,494	3.4%
4	Daxiang Group* (大象集團)[1]	Chemical and drug formulation, vaccine products	90 to 360 days	Bank Transfer	2011	17,479	3.4%
5	Customer Group D[7]	Antibody Products and Chemical and Drug Formulation	Within 300 days	Bank transfer	2014	13,957	2.9%
	Total					**99,772**	**19.7%**

Notes:

(1) A group company headquartered in the PRC, principally engaged in poultry and livestock farming and slaughtering.

(2) A group company headquartered in the PRC and listed on the Shenzhen Stock Exchange, principally engaged in poultry farming and meat processing.

(3) A group company headquartered in the PRC and listed on Shenzhen Stock Exchange, principally engaged in breeder farming.

(4) A company headquartered in the PRC, principally engaged in sale of veterinary medicines and feed additives.

(5) A group company headquartered in PRC and listed on both Shenzhen and Hong Kong Stock Exchange, principally engaged in pig farming.

(6) A group of companies headquartered in Pakistan principally engaged in support activities for animal production.

(7) A group company headquartered in the PRC, principally engaged in feed production, livestock and poultry farming, slaughtering and food processing.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that (1) all of our five largest customers during the Track Record Period were Independent Third Parties; (2) none of our Directors, their close associates or any Shareholders, which to the best knowledge of the Directors, owned more than 5% of the total issued capital of our Company, had any interest in any of our five largest customers during the Track Record Period.

Key Commercial Terms

Our Group's sales payments are mainly denominated in RMB. Set out below are the standard terms contained in the purchase framework agreement with our customers:

Product description	:	Description of the product including the product specifications and packaging requirements
Order details	:	The quantity, unit price and the total amount
Delivery terms	:	Delivery is to be completed within 10 days of order receipt (up to 15 days with timely notice) for domestic orders and within 30 to 90 days for overseas orders, with the supplier responsible for delivery to the buyer's designated location and bearing all transportation costs, risks, and liabilities until completion.
Inspection	:	The buyer must inspect the goods upon delivery and notify any non-conformity immediately or within 3-7 working days, otherwise the goods are deemed accepted. Non-conforming goods may be replaced at the seller's cost or deducted in price, with disputes resolved by third-party testing and losses borne by the responsible party.
Pricing	:	Product pricing is determined by mutual agreement between the parties and varies according to factors such as the type of product and order volume, as well as production costs, the competitive landscape, market trends, with unit prices and total contract value specified in the relevant purchase orders
Payment Terms	:	Invoices are issued with delivery, and amounts are booked upon receipt of conforming goods and valid invoices. Payment terms range from immediate payment upon completion of goods receipt and internal processing to a maximum of 360 days from invoice receipt.
Termination	:	Generally either party may terminate if the other party commits a material breach and fails to remedy it within the prescribed period, including delayed delivery or delayed payment beyond the agreed cure period and delivery of goods that fail the agreed quality or packaging standards. Upon expiry or termination, outstanding orders already accepted generally remain to be performed unless otherwise agreed.

Third-Party Payment Arrangements

During the Track Record Period, certain of our customers (the "**Relevant Customers**") settled their payments with us through third-party payers (such payers, the "**Third-Party Payers**", and such arrangements, the "**Third-Party Payment Arrangements**"). The Third-Party Payment Arrangements include, among others, (i) settlement by entities within the same group of the Relevant Customers; (ii) settlement by actual controller and/or the spouse for non-corporate clients organised as individual industrial and commercial households, sole proprietorships etc.; and (iii) settlement by government functional departments such as finance bureaus for government procurement (collectively "**Authorised Payments**"). For FY2023, FY2024, FY2025 and 5M2026, the number of the Third-Party Payers was 970, 806, 587, and 206, respectively. The aggregate amount of third-party payments (the "**Third-Party Payments**") we received from Third-Party Payers was approximately RMB157.4 million, RMB123.9 million, RMB110.0 million and RMB25.0 million, which accounted for approximately 16.0%, 12.6%, 9.2% and 4.9% of our total revenue for FY2023, FY2024, FY2025 and 5M2026, respectively. Subsequent to the Track Record Period and up to the Latest Practicable Date, the aggregate amount of Third-Party Payments we received from Third-Party Payers was approximately RMB17.6 million, all of which were Authorised Payments accompanied by signed authorisation agreements.

We have ceased accepting Third-Party Payments other than the Authorised Payments and we have not entered into any third-party payment arrangement other than those involving actual controllers of sole proprietorships or those implemented through tripartite agreements since 14 February 2026. To the best knowledge of our Directors, given that (i) the individual industrial and commercial households and sole proprietorship enterprises do not possess independent legal personality and their commercial liabilities are inseparable from their actual controller and/or the spouse; (ii) customers that settle payment through a relevant member within its group are required by their internal financial policies to do so; (iii) public sector customers who settle payment through treasuries did not have paying authorisation or capabilities and could only effect payment centrally through the third-party treasuries within its group, we will continue to accept such Authorised Payments out of commercial necessity pursuant to our enhanced internal control policies and measures.

During the Track Record Period and up to the Latest Practicable Date, we had not initiated any Third-Party Payment Arrangements, but only accepted the Third-Party Payments paid by the Third-Party Payers at the request of the Relevant Customers. In addition, during the Track Record Period and up to the Latest Practicable Date, we have not provided any discount, commission, rebate, or other benefits to any of the Relevant Customers or the Third-Party Payers to facilitate or encourage the Third-Party Payment Arrangements. As advised by our PRC Legal Adviser, our acceptance of payments through the Third-Party Payment Arrangements do not contravene any prohibitive provisions under PRC laws and regulations.

Considering that (i) during the Track Record Period and up to the Latest Practicable Date, we had not encountered any disputes with, nor received any refund request from, any Relevant Customers or Third-Party Payers, and we had not been subject to any disputes, claims or administrative penalties against us with respect to the Third-Party Payment Arrangements and (ii) we have obtained written confirmations from the Relevant Customers and the Third-Party Payers confirming, among others, that the relevant payments were made on behalf of the Relevant Customers in settlement of genuine transactions with us and the funds were derived from legal sources, our Directors are of the view, and our PRC Legal Adviser concurs, that the risks of our Company being subject to administrative penalties or being obligated to return the amounts received under the Third-Party Payment Arrangements is relatively low.

Reasons for Third-Party Payment Arrangements

According to CIC, it is not uncommon for customers to settle their transactions through third-party payers especially in business where a lot of customers are in the agriculture industry and located in rural area in China. To the best knowledge of our Directors, the main reasons that there exist Third-Party Payment Arrangements in our business are as follow:

- for group companies that control multiple subsidiaries, they typically prefer using Third-Party Payment Arrangements with entities or individuals within the same group or designated companies to facilitate their centralised management and control of funds;

- in compliance with the relevant rules of the local governments in China, some of our government and enterprise cooperation programs are settled by government payment centres rather than by the specific cooperating governments agencies; and

- some of our customers prefer using Third-Party Payment Arrangements with their staff for convenience. Especially for those of our customers who are sole proprietors and small scale family business operating agriculture business in rural area across the PRC as they are accustomed to such payment method via their operators, staff, spouse, affiliates alike for sake of convenience.

Internal Control Measures for Third-Party Payment Arrangements

We are subject to various risks in relation to the Third-Party Payment Arrangements. Please refer to paragraph headed "Risk Factors — Risks relating to our general operations and industry — We are subject to various risks relating to Third-Party Payments." in this document. We have since the fourth quarter of 2025 started to widely communicate to our customers about our control requirement and have adopted stringent internal control measures to mitigate related risks and prevent future occurrences of the Third-Party Payment Arrangements, including the following:

(i) Our Group has informed our sales department and our logistics department to maintain proper record and to communicate with the customers about the unacceptance and prohibition of Third-Party Payment (save for the Relevant Customers through Authorised Payments with pre-authorised agreement). No payment from a party other than the contracting customer may be accepted unless a tripartite payment authorisation agreement has been executed under scrutiny of our senior management team;

(ii) Our finance department is responsible for maintaining a receipt settlement management ledger with the use of our upgraded ERP system, cross-checking all receipt from the designated payers via a pre-verified bank account against the relevant approved customers and payers' authorisation agreement;

(iii) Our internal audit department will from time to time assess the status of our improved internal control, and we have internal guidelines in place regarding anti-money laundering which requrie our employees to exercise reasonable due diligence with respect to all trading parties. Any violation with our internal policy may result in deduction of bonus or incentive of the relevant sales persons.

Our Directors consider that the rectification of the Third-Party Payment Arrangements did not have, nor will have material adverse impact on our business, financial conditions or results of operations, taking into account that (i) substantially all of the Revelant Customers cooperated with us in our rectification process and our enhanced internal control measures; (ii) the rectification of Third-Party Payment Arrangements did not affect the payment settlement from our Relevant Customers to us; and (iii) we continued to generate positive net cash from our operating activities before and after the rectification of Third-Party Payment Arrangements.

SEASONALITY

Our sales are subject to seasonality fluctuations. We generally experience higher sales for our product during September to November. As advised by CIC, demand for animal health products typically peaks from October to March (Winter and Spring), when lower temperatures impair livestock immunity, increasing outbreaks of respiratory and gastrointestinal diseases and driving strong demand for therapeutic products. This period coincides with post-holiday restocking cycles, further boosting product offtake.

MATERIALS AND SUPPLIERS

We are committed to delivering safe and high-quality animal health products to our customers. A critical step in our production process is the selection of high-quality raw materials. The primary materials that we use in the production being applied in vaccine products are: (i) hatching eggs, adjuvant and culture medium; (ii) hyperimmunised egg and animal spleen being applied in antibody products and transfer factor; (iii) antibacterial agents such as florfenicol, doxycycline, tilmicosin and spectinomycin hydrochloride and excipients such as lactose and anhydrous sucrose being applied in chemical and drug formulation; and (iv) Chinese medicinal herbs such as ephedra, licorice, bitter almond, gypsum, isatis root, pulsatilla root, and indigo leaf being applied in traditional Chinese veterinary medicine. In addition, we purchase packaging materials which are mainly glass bottles, plastic bottles, caps, seals, packaging bags in different sizes.

Our procurement team is responsible for purchasing raw materials such as hatching eggs, hyperimmunised eggs, spleen, chemical pharmaceutical ingredients, traditional Chinese medicinal materials, adjuvants, culture media and packaging materials, equipment and accessories, labour protection products and other supplies that are necessary to our Company's production, designing appropriate procurement strategies based on sales plan and ensuring quality and cost-effective purchases.

To maintain competitiveness and securing a stable and sufficient supply, we review our procurement prices and quality of our suppliers annually. The prices of our raw materials and packaging materials may also vary due to various factors, including supply and demand dynamics, our bargaining power with suppliers, and logistics costs. To mitigate the impact of price fluctuations in raw materials, we adjust our procurement volumes based on our annual production plans and actual demand, thereby avoiding shortages or wastage. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruptions in the supply of raw materials.

Purchases from our five largest raw material suppliers in each year/period during the Track Record Period amounted to approximately RMB92.5 million, RMB118.1 million, RMB138.8 million and RMB50.6 million, representing approximately 27.5%, 32.8%, 32.5% and 31.0% of our total purchases of raw material for the respective periods.

The table below set forth certain details of our five largest suppliers during the Track Record Period.

For FY2023

Rank	Supplier	Type of services or products procured	Credit period	Payment method	Year of establishment of business relationship with our Group	Purchase amount	Percentage of our total purchases of raw material
						(RMB'000)	
1 . . .	Beijing Ketai Xingye Trading Co., Ltd.* (北京可太興業經貿有限公司)[1]	Procurement of veterinary vaccines	45 days	Bank transfer	2004	46,310	13.8%

Rank	Supplier	Type of services or products procured	Credit period	Payment method	Year of establishment of business relationship with our Group	Purchase amount	Percentage of our total purchases of raw material
						(RMB'000)	
2 . . .	Shanghai BioEngine Si-Tech Co., Ltd.* (上海倍諧基生物科技有限公司)[2]	Supplier of cell culture media products for vaccines, including packaging, transport, and quality documentation	60 days	Bank transfer or bank acceptance note	2015	19,728	5.9%
3 . . .	Weifang Kangdatai Pharmaceutical Co., Ltd.* (潍坊市康達特藥業有限公司)[3]	Supply of pharmaceutical raw material	Prepayment or 30 days	Bank transfer or bank acceptance note	2010	13,560	4.0%
4 . . .	Weifang Zhongchuang Biotechnology Co., Ltd* (潍坊中創生物科技有限公司)[4]	Supply of antibiotics	Prepayment or 60 days	Bank transfer	2021	6,760	2.0%
5 . . .	Weifang Jinrui Biotechnology Co., Ltd* (潍坊臻瑞生物科技有限公司)[5]	Supply of antibiotics	Prepayment or 30 days	Bank transfer	2021	6,147	1.8%
	Total					**92,505**	**27.5%**

For FY2024

Rank	Supplier	Type of services or products procured	Credit period	Payment method	Year of establishment of business relationship with our Group	Purchase amount	Percentage of our total purchases of raw material
						(RMB'000)	
1 . . .	Beijing Ketai Xingye Trading Co., Ltd.* (北京可太興業經貿有限公司)[1]	Procurement of veterinary vaccines	45 days	Bank transfer	2004	50,591	14.0%
2 . . .	Shanghai BioEngine SciTech Co., Ltd.* (上海倍諧基生物科技有限公司)[2]	Supplier of cell culture media products for vaccines, including packaging, transport, and quality documentation	60 days	Bank transfer or bank acceptance note	2015	32,000	8.9%
3 . . .	Shandong Qiben Chemical Co., Ltd.* (山東奇本化工有限公司)[6]	Supply of chemical raw material	75 days	Bank transfer	2022	14,519	4.0%
4 . . .	Shandong Guobang Pharmaceutical Co., Ltd.* (山東國邦藥業有限公司)[7]	Supply of pharmaceutical raw material	Prepayment	Bank transfer	2009	10,665	3.0%
5 . . .	Shandong Xundakang Trading Co., Ltd. * (山東迅達康商貿有限公司)[8]	Supply and delivery of pharmaceutical raw materials	Prepayment	Bank transfer	2018	10,330	2.9%
	Total					**118,105**	**32.8%**

For FY2025

Rank	Supplier	Type of services or products procured	Credit period	Payment method	Year of establishment of business relationship with our Group	Purchase amount	Percentage of our total purchases of raw material
						(RMB'000)	
1	Beijing Ketai Xingye Trading Co., Ltd.* (北京可太興業經貿有限公司)[1]	Procurement of veterinary vaccines	45 days	Bank transfer	2004	72,572	17.0%
2	Shanghai BioEngine Si-Tech Co., Ltd.* (上海倍諳基生物科技有限公司)[2]	Supplier of cell culture media products for vaccines, including packaging, transport, and quality documentation	60 days	Bank transfer or bank acceptance note	2015	28,772	6.7%
3	Shandong Qiben Chemical Co., Ltd.* (山東奇本化工有限公司)[6]	Supply of chemical raw material	75 days	Bank transfer	2022	18,417	4.3%
4	Hebei Weiyuan Pharmaceutical Co., Ltd.* (河北威遠藥業有限公司)[9]	Supply of chemical raw material	30 days	Bank transfer or bank acceptance note	2011	10,528	2.5%
5	Yichang Sanxia Xinmei Pharmaceutical Co., Ltd.* (宜昌三峽欣美藥業有限公司)[10]	Supply of antibiotics	Prepayment or 30 days	Bank transfer	2024	8,531	2.0%
	Total					**138,820**	**32.5%**

For 5M2026

Rank	Supplier	Type of services or products procured	Credit period	Payment method	Year of establishment of business relationship with our Group	Purchase amount	Percentage of our total purchases of raw material
						(RMB'000)	
1	Beijing Ketai Xingye Trading Co., Ltd.* (北京可太興業經貿有限公司)[1]	Procurement of veterinary vaccines	45 days	Bank transfer	2004	26,421	16.2%
2	Shanghai BioEngine Si-Tech Co., Ltd.* (上海倍諳基生物科技有限公司)[2]	Supplier of cell culture media products for vaccines, including packaging, transport, and quality documentation	60 days	Bank transfer or bank acceptance note	2015	9,770	6.0%
3	Supplier A[11]	Supply of disinfectants raw materials	5 to 7 days since the agreed credit limit being reached	telegraphic transfer or acceptance bill	2026	5,696	3.5%

Rank	Supplier	Type of services or products procured	Credit period	Payment method	Year of establishment of business relationship with our Group	Purchase amount	Percentage of our total purchases of raw material
						(RMB'000)	
4 . . .	Weifang Kangdatai Pharmaceutical Co., Ltd.* (潍坊市康達特藥業有限公司)[3]	Supply of pharmaceutical raw material	30 days	Bank transfer or bank acceptance note	2010	4,643	2.8%
5 . . .	Hebei Weiyuan Pharmaceutical Co., Ltd.* (河北威遠藥業有限公司)[9]	Supply of chemical raw material	30 days	Bank transfer or bank acceptance note	2011	4,090	2.5%
	Total					**50,620**	**31.0%**

Notes:

(1) Established in the PRC in 2003 with a registered capital of RMB1,000,000 principally engaged in import and export of various goods on a principal or agency basis.

(2) Established in the PRC in 2014 with a registered capital of RMB32,995,212 principally engaged in sale of laboratory equipment and chemical raw materials and biological reagents.

(3) Established in the PRC in 2008 with a registered capital of RMB2,560,000 principally engaged in the wholesale and retail of veterinary pharmaceutical formulations.

(4) Established in the PRC in 2016 with a registered capital of RMB100,000,000 principally engaged in the production and sale of feed, veterinary drugs, fertilisers, disinfectants, and related products.

(5) Established in the PRC in 2016 with a registered capital of RMB2,000,000 principally engaged in veterinary drug R&D, sales of veterinary and related products.

(6) Established in the PRC in 2016 with a registered capital of RMB5,000,000 principally engaged in the sale of chemical raw materials.

(7) Established in the PRC in 2006 with a registered capital of RMB104,730,000 principally engaged in the sale of pharmaceutical raw materials.

(8) Established in the PRC in 2014 with a registered capital of RMB5,000,000 principally engaged in the sale of veterinary pharmaceutical ingredients.

(9) Established in the PRC in 2002 with a registered capital of RMB100,000,000 principally engaged in the sale of veterinary pharmaceutical ingredients.

(10) Established in the PRC in 2019 with a registered capital of RMB5,000,000 principally engaged in pharmaceutical distribution, veterinary drug operations, feed additives and biomaterials sales.

(11) Established in the PRC in 2016 with a registered capital of RMB2,100,000 principally engaged in the sale of chemical products and disinfectants.

Terms of Supplier Agreements

The material terms of our supplier agreements are set forth as follows:

- **Renewal mechanism.** Our supplier agreements are generally entered into on a transaction-by-transaction basis and terminate upon completion of the parties' respective contractual obligations. Certain framework supplier agreements have a specified contractual term of 1 to 2 years which the parties may enter into new agreements or otherwise agree on the continuation of their business relationship.

- **Price determination.** Purchase prices are generally determined and agreed between us and the relevant suppliers under individual purchase contracts or purchase orders, taking into account the type, specification and quantity of the products purchased. Certain framework agreements specify agreed prices for particular products during the relevant contractual period.

- **Minimum order requirement.** Our supplier agreements generally do not impose minimum purchase requirements on us. The actual quantity of products purchased is generally specified in individual purchase contracts or determined based on purchase orders placed by us from time to time.

- **Product return.** We are generally entitled to return or request replacement of products that fail to satisfy the agreed quality standards. Certain agreements require the relevant supplier to accept the return or replacement of defective products within a specified period following confirmation of the relevant quality issue.

- **Termination.** Our supplier agreements may generally be terminated upon mutual agreement or upon the occurrence of specified events, including breach of contractual obligations. Under certain agreements, we are entitled to terminate the agreement where the supplier fails to meet our quantity or quality requirements or has its relevant business qualification suspended or revoked.

OVERLAPPING CUSTOMER AND SUPPLIER

Customer Group C was one of our five largest customers in each of FY2024, FY2025 and 5M2026. Meanwhile, a member of Customer Group C with registered capital of RMB600,000,000 principally engaged in processing and sale of meat product was also a supplier of our Group for the corresponding period. For FY2024, we purchased pig spleen from the relevant member of Customer Group C amounted to approximately RMB23,000. Customer Group C purchased chemical and drug formulation products from us and we generated revenue of approximately RMB24.0 million, accounting for approximately 2.4% of our total revenue for the same year. For FY2025, we purchased pig spleen from the relevant member of Customer Group C amounted to approximately RMB14,868 (exclusive of VAT). Customer Group C purchased chemical and drug formulation products from us and we generated revenue of approximately RMB31.5 million, accounting for approximately 2.7% of our total revenue amounts for the same period. For 5M2026, we purchased pig spleen from the relevant member of Customer Group C amounted to approximately RMB16,459 (exclusive of VAT). Customer Group C purchased chemical and drug formulation products from us and we generated revenue of approximately RMB17.5 million, accounting for approximately 3.4% of our total revenue amounts for the same period. The cross sale arose naturally as a result of the respective business needs of each party.

Customer Group D was one of our five largest customers for each of FY2023, FY2024, FY2025 and 5M2026. Meanwhile, certain members of Customer Group D with registered capital ranging from RMB10 million to RMB335 million and principally engaged in livestock and poultry slaughtering and food production and sale were also suppliers of our Group. For each of FY2023, FY2024, FY2025 and 5M2026, our purchases of animal spleen from the relevant members of Customer Group D amounted to approximately RMB373,045 (exclusive of VAT), RMB323,853, RMB274,450 and RMB140,000, respectively. During the same periods, Customer Group D purchased vaccine products and chemical and drug formulation products from us, and our revenue from Customer Group D amounted to approximately RMB35.8 million, RMB24.6 million, RMB36.4 million and RMB14.0 million, respectively, representing approximately 3.6%, 2.5%, 3.0% and 2.9% of our total revenue for the relevant year or period. The cross sale arose naturally as a result of the respective business needs of each party.

The negotiations of the terms of our sales to and purchases from the relevant members of each of Customer Group C and Customer Group D were conducted on an individual basis and the sales and purchases were not inter-conditional upon each other. Moreover, the major terms of transactions with the relevant members of each of Customer Group C and Customer Group D were similar to those with our other customers and suppliers and were in line with normal commercial terms. Save as disclosed above, to the best of our knowledge, none of our five largest customers/suppliers in each period during the Track Record Period and up to the Latest Practicable Date was a supplier/customer of us.

BUSINESS ACTIVITIES SUBJECT TO INTERNATIONAL SANCTIONS AND U.S. EXPORT CONTROLS

Procurement

During the Track Record Period, we had procured consumables, biotech services and gene-sequencing services from two suppliers who were designated on the Entity List maintained by the Bureau of Industry and Securities ("Relevant Entities"). Our procurement from the Relevant Entities amounted to RMB0.3 million, RMB0.4 million, RMB0.3 million and RMB0.05 million for FY2023, FY2024, FY2025 and 5M2026, respectively, representing 0.07%, 0.1%, 0.06% and 0.03% of our total procurement for the same period. Provision of products subject to the EAR to the Relevant Entities designated on the BIS Entity List are prohibited unless authorised. As advised by International Sanctions Legal Adviser, given the nature of the transactions involving the Relevant Entities (i) were denominated solely in RMB; (ii) were limited to procurement and did not involve transfer of any items, technologies or materials that are subject to the EAR after their designation on the Entity List, our procurement from the Relevant Entities did not represent a violation of the applicable U.S. export control laws.

Sales

During the Track Record Period, we had sold vaccine products to various non-sanctioned customers who were animal vaccine distributors in Egypt, Iraq and Libya ("Relevant Regions"). Our revenue generated from the Relevant Regions amounted to RMB5.0 million, RMB7.6 million, RMB15.0 million and RMB58.3 million for FY2023, FY2024, FY2025 and 5M2026, respectively, representing 0.5%, 0.8%, 1.3% and 1.2% of our total sales for the same period. As advised by our International Sanctions Legal Adviser, given that (i) the Relevant Regions are not Comprehensively Sanctioned Countries, and are only subject to limited sets of list-based sanctions programs which are not territorial broad-based in nature and only target specified sanctioned entities or sectors in the country or region; (ii) no products supplied, sold, exported or otherwise transferred by us to the Relevant Regions are subject to the EAR; and (iii) our transactions with the Relevant Regions did not involve any Sanctioned Target, our activities in the Relevant Regions did not represent a violation of applicable International Sanctions and U.S. export controls.

Impact of U.S. Tariffs

During the Track Record Period and up to the Latest Practicable Date, we did not have any sales of goods to the U.S. As advised by our International Sanctions Legal Adviser, given (i) we did not have any sales to the U.S. during the Track Record Period, and (ii) we do not intend to initiate or pursue any commercial export operations targeting the U.S. market in the foreseeable future, U.S. tariffs are unlikely to have a material adverse impact on our business operations and our overall financial performance.

U.S. Outbound Investment Security Program

On 28 October 2024, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**"), which became effective on 2 January 2025. The Final Rule implements a regulatory framework for certain U.S. investments into China (including Hong Kong and Macau) in entities engaged in activities involving sensitive technologies critical to national security in three sectors, namely, (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems ("**AI systems**") with applications that pose national security risks, collectively defined as "Covered Foreign Persons". The program would prohibit U.S. persons from undertaking certain transactions and require notification by U.S. persons on certain investments in Covered Foreign Persons.

As advised by our International Sanctions Legal Adviser, we are unlikely to be viewed as a "Covered Foreign Person" that engages in "Covered Activities" given that: (i) we do not engage in designing and developing any AI system within the meaning of 31 C.F.R.§ 850.202; (ii) we do not engage in designing, fabricating and packaging any integrated circuit; and (iii)

we do not engage in designing or producing any quantum computers within the meaning of 31 C.F.R. § 850.225. Our Directors are therefore of the view, and the Sole Sponsor concurs, that the Final Rule does not have, and is not expected to have, a material adverse impact on our Group's business operation.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business to safeguard against risks and unexpected events in the PRC. Our insurance coverage comprises (i) product liability insurance covering our commercialised products; (ii) personnel-related policies such as medical and work-related injury; and (iii) property insurance to cover losses arising from natural or other disasters affecting our manufacturing facilities or other assets.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance policies are in line with market practice and adequate for our business. However, the risks related to our business and operations may not be fully covered by insurance. For details, see "Risk Factors — Risks relating to our general operations and industry — Our insurance coverage may be inadequate to cover all significant risk exposures" in this document.

EMPLOYEES

As at 31 May 2026, we had a total number of 1,585 employees based in the PRC. The following table sets forth the number of our employees by function as at 31 May 2026:

	31 May 2026	
Function	**Number of Employees**	**%**
R&D	187	11.8
Management and administration	227	14.3
Sales and marketing	489	30.9
Operation	682	43.0
Total	**1,585**	**100**

Our success depends on our ability to attract, retain and motivate qualified employees. To this end, as part of our human resource strategy, we offer employees salaries, performance-based cash bonuses and other incentives. As a result, we have generally been able to attract and retain qualified employees and maintain a stable core management team.

We primarily recruit our employees through social recruitment channels and campus recruitment. We provide regular training and reviews to our employees to enhance their performance. As required by PRC laws and regulations, we participate in housing fund and various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We are required under PRC laws and regulations to contribute to employee social security plans at specified percentages of the salaries, bonuses and certain allowances of our employees.

As at 31 May 2026, we established labour union in China to protect the legitimate rights and interests of our employees. We believe that we maintain good working relationship with our employees and we have not experienced any material labour disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

LAND AND PROPERTIES

Owned Properties

Land Use Rights

As at the Latest Practicable Date, we obtained five land use right certificates for properties in Qingdao, Shandong Province, Zhucheng, Shandong Province and Beijing, PRC with an aggregate GFA of approximately 166,050.3 sq.m. The following table sets forth a summary of the properties owned by us as at the Latest Practicable Date.

Location	Type of Property	Usage	Area (sq. m.)	Term/Expiry Date
No. 195 Shungeng Road, Zhucheng, Shandong, PRC (諸城市舜耕路195號)	Industrial land	Production and business operations	69,200	25 September 2055
No. 263, Xinsheng Road, Jiayue Town, Zhucheng, Shandong, PRC (諸城市賈悅鎮鑫盛路263號)	Industrial land	Production and business operations	37,840	22 September 2062
No. 118 Shunyu Road, Gaoliying Town, Shunyi District, Beijing, PRC (順義區高麗營鎮順於路118號)	Industrial land	Production and business operations	29,948.6	9 October 2056
Building 2, 335 Songling Road, Laoshan District, Qingdao, PRC (嶗山區松嶺路335號2號樓)	Industrial land	Business operations and R&D building	24,982.7	19 July 2060
Zhu Village Community, Shunwang Subdistrict, Zhucheng, Shandong, PRC (諸城市舜王街道拙村居)	Industrial land	Production and business operations	4,079	25 October 2070

Real Estate Ownership Certificates

As at the Latest Practicable Date, we obtained four real estate ownership certificates for properties with an aggregate GFA of approximately 101,160.5 sq.m. These parcels of properties are mainly located in Qingdao and Zhucheng in Shandong Province and Beijing, and are primarily used as our production facilities, administrative offices and R&D buildings. As at 31 December 2025, no single property interest that forms part of our non-property activities had a carrying amount of 15% or more of our total assets.

Owned Properties with Title Defects

As at the Latest Practicable Date, due to historical legacy construction projects executed on the underlying parcels of government allocated and collective land authorised by the local government authority, we have not obtained valid real estate ownership certificates for nine owned properties, of which Beijing Sinder (as our wholly-owned subsidiary) have used for storage and warehousing facilities and utilities with an aggregate floor area of approximately 1,355.0 sq.m.

For the nine owned properties with title defects mentioned above, as advised by our PRC Legal Adviser, there may be a risk of demolition with respect to the failure to obtain valid real estate ownership certificates for these properties, representing the estimated maximum exposure arising from demolition and administrative fines of up to 12% of the total construction cost for the residual owned property-level title defects. However, given that (i) the aforementioned properties without valid real estate ownership certificates represent only approximately 1.32% of the aggregate GFA; (ii) the properties occupied by Beijing Sinder without valid property ownership certificates are used mainly for non-core functions such as warehousing and generator rooms which would not affect key production facilities and result in material operational impact; (iii) Beijing Sinder has obtained compliance certificates from

relevant government authorities confirming that there were no violations of laws and regulations were recorded in the housing and urban-rural construction sector covering the Track Record Period; and (iv) there was no major disputes or conflicts of us using the subject land, our PRC Legal Adviser is of the view that the absence of real estate ownership certificate for the aforementioned properties will not have any material adverse effect on our Group's ability to continue operations.

These self-owned properties are used for warehousing, logistics, and utility facilities.

As at the Latest Practicable Date, our Group is in the course of obtaining registration certificates for the nine owned properties with title defects. If we are not able to continue to use such owned properties due to such title defects, we expect to be able to identify alternative places within our existing facilities for relocation in a timely manner without incurring material related loss due to the limited number of owned properties with title defects and the fact that they are mainly for non-core functions such as warehousing and generator rooms. During the Track Record Period and up to the Latest Practicable Date, we are not aware of any actual or contemplated actions, claims or investigations by any relevant government authorities or third parties against us with respect of such historical incident. On this basis and having considered the relevant government authorities' confirmations and our PRC Legal Adviser advice, we believe that the above title defects will not materially affect our business, financial condition and results of operations.

Leased Properties

As at the Latest Practicable Date, we leased two parcels of land (and the facilities thereon) with an aggregate GFA of approximately 10,277.8 sq.m. and three properties with an aggregate GFA of approximately 57,789.3 sq.m. from third parties in the PRC, which were primarily used as production facilities and administrative offices. Our leases generally have a term ranging from 1 to 12 years. We will consider renewal of the leases upon their expiry.

The following table sets forth a summary of the land and properties leased by us that are significant to our operations as at the Latest Practicable Date.

Location	Usage	Area (sq.m.)	Term/Expiry Date
Project Plant to the West of Zhufeng Street and North of Shungeng Road, Zhucheng City	Production and business operation	47,278	1 July 2022 to 30 June 2031

Leased land and properties with title defects

As at the Latest Practicable Date, our leased land and properties with title defects included: (a) one parcel of leased land with GFA of approximately 5,634.2 sq.m. had failed to register and file with the relevant land and real estate administration bureau in the PRC ("**Defective Leased Land**"); and (b) two leased properties with GFA of approximately 47,278.0 sq.m. and 6,040.0 sq.m. respectively (gross GFA of approximately 53,318.7 sq.m.) were without valid property certificate ("**Defective Leased Properties**").

As advised by our PRC Legal Adviser, for leased land and/or properties for which the lessor has not provided valid ownership certificates, the lessor is required under applicable laws and regulations to obtain the relevant ownership certificates, and we, as the lessee, will not be subject to administrative penalties as a result. However, since we are leasing and using land and/or properties with ownership defects, there remains a risk that the lessor may not have the right to lease such land and/or properties to us. Under the relevant laws and regulations, the lease agreements concerned may be deemed unenforceable, and we may be required to vacate the premises. For leased land and/or property which has fail to register and file with the relevant land and real estate administration bureau in the PRC, under the relevant land administration regulations, constructing facilities on agricultural land without approval may subject the above-ground structures to confiscation by the competent authorities and may result in penalties. As such, in relation to the Defective Leased Land, the facilities we have constructed on such leased land may be confiscated by the competent authorities, and we may be subject to a fine ranging from RMB100 to RMB1,000 per square metre of the land occupied.

Having considered that (i) the lessor of one of the Defective Leased Properties with GFA of approximately 47,278.0 sq.m. had, in the relevant lease agreement, undertake to compensate our Group for any losses to its production and operations arising from the lessor's fault; (ii) the local natural resources and planning bureau for one of the Defective Leased Property with GFA of approximately 47,278.0 sq.m. has issued confirmation stating that the relevant land and properties may continue to be used in its current condition; and (iii) our Controlling Shareholder has undertaken to fully indemnify our Group against any direct or indirect losses suffered by our Group arising from the Defective Leased Land and Defective Leased Properties, our PRC Legal Adviser is of the view that the defects relating to the leased land and properties will not have any material adverse impact on our business operations. Our Directors believe that these title defects would not cause a material adverse impact on our business, operations and financial results. If we are not able to continue to use the Defective Leased Land or the Defective Leased Properties due to such title defects, we expect to be able to identify alternative premises and relocate in a timely manner without incurring material loss.

To prevent the recurrence of similar non-compliance, our Group has implemented enhanced internal control measures, where (i) prior to any acquisition, construction or lease, a feasibility assessment and relevant title and land-use documents are subject to cross-departmental review, with legal confirmation of title, permitted use and filing requirements as a condition for approval; (ii) a central property register is maintained to record key property information; and (iii) properties with existing deficiencies are separately tracked and monitored for remediation. The Internal Control Consultant has reviewed the enhanced measures implemented by our Group, and no material internal control deficiencies were further identified. Our Company will continue to implement these measures strictly and consistenly, and our Directors are of the view that, and the Internal Control Consultant concurred, these measures are adequate and effective in preventing the recurrence of similar incidents.

INTELLECTUAL PROPERTY

Intellectual property rights are central to the success of our business. Our success depends, in part, on our ability to obtain and maintain patent, copyrights (including software copyrights), trademarks and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating valid, enforceable intellectual property rights of third parties. In this regard, we rely primarily on a combination of copyrights (including software copyrights), patents, trademarks, trade secret and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in employment agreements and commercial agreements we enter into. In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights; and (ii) timely registration, filing and application for ownership of our intellectual properties.

As at the Latest Practicable Date, we owned 222 registered patents and had filed 47 patent applications in the PRC. In addition, we had registered 430 trademarks, 57 copyrights and one domain name in the PRC. Please refer to "Statutory and General Information — Further information about the business of our Company — 2. Material Intellectual Property Rights" in Appendix VI to this document for further details of our material intellectual property.

As at the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Environmental, Social and Governance (ESG)

Overview

We are fully aware of our social responsibilities, firmly uphold our environmental commitments, and are dedicated to practicing environmental protection and social responsibility in the process of business operation. The Board has integrated environmental, social and governance ("**ESG**") considerations into business strategies to drive our Company's long-term value creation and sustainable business development. We have established applicable governance mechanisms to oversee the implementation of ESG-related policies and have gradually incorporated these policies into our standard operating procedures. Through continuous optimisation of the ESG governance framework and strengthening risk management and internal control, we aim to improve our Company's management level in environmental protection, social responsibility, and corporate governance. We also plan to prepare and publish an annual ESG report to disclose our Company's practices and achievements in the environmental, social, and governance areas.

ESG Governance

The Board has overall responsibility for overseeing ESG-related matters, including ESG strategy, risk management and disclosures. The Board's collective experience in corporate governance and management provides a foundation for overseeing ESG-related issues. Relevant personnel, including environmental officers of the Group's subsidiaries, have been assigned to support ESG management and implementation. Our Company will also provide ESG-related training to Directors and relevant personnel to enhance their understanding of ESG matters. We integrate ESG principles into our corporate strategy and daily operations. To ensure the effective implementation of ESG initiatives and alignment with our long-term development strategy, we have planned and gradually established a three-tier ESG governance structure comprising the decision-making level, management level, and executive level. This structure is designed to enhance decision-making efficiency and ensure the consistent implementation of sustainable development principles across all aspects of our operations.

- ***Decision-making level***

The Board serves as the highest decision-making authority for our Company's ESG matters, bearing ultimate responsibility for the implementation of ESG strategy and information disclosure. The Board is responsible for: (i) assessing and determining material ESG risks, including climate-related risks, faced by our Company; (ii) ensuring the establishment of proper and effective ESG risk management and internal control systems; (iii) reviewing and approving ESG management policies, strategies, priorities, and objectives; and (iv) regularly reviewing the progress of ESG-related objectives and endorsing the annual ESG report.

- ***Management level***

We anticipate establishing an ESG working group led by senior management to rigorously implement the Board's ESG strategy. This level is responsible for: (i) formulating specific ESG action plans and policies in accordance with the Board's directives; (ii) identifying and assessing the impact of ESG risks on our business operations; (iii) overseeing the implementation of ESG tasks across all functional departments; and (iv) regularly reporting to the Board on the achievement of ESG objectives, key performance indicators, and potential compliance risks.

- ***Executive level***

It comprises ESG implementation personnel designated by relevant functional departments (including the human resources department, administration department, production operations department, supply chain management department, etc.) and the management level. This level is responsible for: (i) specifically implementing ESG policies in

daily business operations; (ii) collecting, organising, and monitoring key performance indicators in the environmental and social areas, such as greenhouse gas emissions, employee training hours, etc.; (iii) assisting in the preparation of the annual ESG report; and (iv) providing timely feedback on issues encountered during implementation and suggestions for improvement.

ESG Strategy

We are fully aware that, as an enterprise that engages in the R&D, production and sale of the animal health industry, our business is closely linked to animal health, food safety, and public health security. Therefore, guided by a steadfast commitment to enhancing customer value, we integrate the concept of sustainable development into the entire industry chain from R&D, manufacturing, to end-user services, and are committed to continuously promote an industry-leading "green, safe, and efficient" manufacturing process.

Our ESG strategy focuses on the following three aspects:

- *Quality and Product Safety*

  We have established a quality inspection system that covers the entire product lifecycle, ensuring that every step from raw material intake to finished product delivery complies with national standards, industry standards, and internal corporate quality standards. We have implemented rigorous inspection procedures for semi-finished and finished products to ensure compliance with standard requirements. In addition, we implement a strict sample retention policy, under which samples from each batch of finished products are retained for one year beyond their expiration date, to ensure product quality can be re-inspected and fully traced throughout the entire process.

- *Environmental Protection and Green Manufacturing*

  We are committed to enhancing production efficiency through technological upgrades to reduce energy consumption per unit of product, ensuring compliant treatment and recycling of wastewater, exhaust gas, and solid waste. We also address climate change risks and optimise supply chain efficiency to reduce carbon emissions associated with transportation activities.

- *Assumption of Responsibility and Being People-Oriented*

  We not only provide high-quality epidemic prevention and control solutions to society, assisting farmers in reducing disease risks, and offer employees a competitive growth platform and a healthy, safe working environment.

To implement this strategy, we have established working principles, assigned responsible personnel for each material ESG issue, and set clear management indicators. We have also developed specific measures and implementation plans to support the achievement of ESG objectives. We regularly review progress and monitor production and operational activities to ensure compliance with environmental protection, social responsibility, and corporate governance standards. Our ESG objectives and indicators will be disclosed annually in the ESG report and communicated to stakeholders to maintain transparency and accountability.

Materiality Assessment

We are well aware of the importance of ESG factors to the enterprise and its stakeholders. We value communication with stakeholders and have established a regular stakeholder communication mechanism, including convening shareholders' meetings, staff representative meetings, supplier exchanges, and releasing information through official channels, to understand their expectations and promptly respond to their needs. To identify and assess material ESG issues, we continuously evaluate internal and external factors, taking into account relevant regulatory requirements, industry standards, and stakeholder feedback. Our material ESG issues are as follows:

ESG Dimension	Core Issues	Key Measures
Governance	• ESG Governance	Continuously develop an ESG governance framework and institutional system, define ESG governance roles and responsibilities, ESG performance and the progress of related work, with regular reporting to the Board
	• Business Ethics and Compliance	Adhere to the highest standards of business ethics, formulate the Honesty and Integrity Agreement and the Internal Control Management Manual of our Company to clearly define codes of conduct, and timely investigate and handle violations
	• Risk Management	Establish risk management system covering operating activities, identify and estimate various potential risks and integrate the relevant climate change risk into the scope of identification and response to improve risk prevention and response ability
Environment	• Resource Management and Energy Conservation and Emission Reduction	Promote green office practices, regulate the management of energy and resource usage and implement strict classification and compliant disposal of hazardous waste
	• Supply Chain Environmental Management	Our Company plans to incorporate environmental assessment into the supplier screening and management process, strictly implement our supplier management system and procurement management system, and implement supervision system on suppliers through access, regular evaluation, and dynamic elimination
Society	• Staff Development	Refine the compensation system and welfare safeguards, provide multi-tiered training, and support employee career development through diversified learning and training systems
	• Occupational Health and Safety	We have a comprehensive emergency management mechanism, conduct regular safety drills and exercises, provide health and safety training for all employees, and establish a strict safety management system

In our ESG materiality assessment, we adopt the principle of materiality, taking into account both the financial materiality and impact materiality of each issue. This assessment enables us to integrate ESG initiatives with our overall business strategy and establish a comprehensive ESG materiality matrix that reflects issues of significance to our operations and stakeholders.

Environmental Protection

We are committed to minimising our environmental impact and conducting operations in an environmentally responsible manner. We strictly comply with environmental laws and regulations, including the Environmental Protection Law of the PRC, and continuously develop and optimise our environmental management system. We will continue to monitor environmental data, conduct real-time tracking and management of pollutant emissions and energy consumption, enhance resource utilisation efficiency, reduce waste generation, and standardise the treatment of waste and waste liquids generated in laboratories through various measures, while regularly disclosing ESG performance to fulfil its long-term commitment to sustainable development.

Resource Consumption

We strictly comply with the Energy Conservation Law of the PRC and other relevant laws and regulations, and systematically promote resource conservation and energy efficiency improvement through various measures:

- Infrastructure and technological energy conservation: We prioritise the procurement and installation of high-efficiency office and production equipment to reduce energy consumption at the source. In addition, we implement intelligent management for large energy-consuming equipment, such as central air conditioning systems, by scientifically setting and dynamically adjusting operating temperatures based on seasons to minimise inefficient energy use. We conduct regular maintenance and energy efficiency assessments for major energy-consuming equipment and formulate replacement plans for outdated or low-efficiency units.

- Operational processes and office energy conservation: Lighting and office equipment in non-working hours and idle areas are promptly turned off. We vigorously promote digital office practices and advocate for the use of online meetings, to ensure communication efficiency while reducing unnecessary business travel, thereby lowering indirect energy consumption and carbon emissions generated from transportation.

- Awareness cultivation and behavioural energy conservation: We regularly conduct sustainability promotion and training for employees, deepen their understanding of water conservation, electricity saving, and recycling, and integrate environmental protection concepts into daily work and life practices.

Our primary consumption comprises electricity, water, gasoline, and diesel. For FY2023, FY2024, FY2025 and 5M2026, the total consumption of various resources, consumption intensity (calculated as resource consumption divided by the number of employees), and unit revenue (calculated as resource consumption divided by the Company's revenue per RMB million) are as follows:

Purchased Electricity Consumption

	For the year ended 31 December			For five months ended 31 May
	2023	2024	2025	2026
Total electricity consumption (kWh)	14,232,657	12,740,937	13,790,044	5,135,385
Electricity consumption intensity (kWh/person)	8,584	8,209	8,880	3,240
Electricity consumption per unit of revenue (kWh/RMB million)	14,274	12,977	11,547	10,125

Water Resource Consumption

	For the year ended 31 December			For five months ended 31 May
	2023	2024	2025	2026
Water consumption (tons)	194,272.05	207,340.88	214,663.90	97,371.61
Water consumption intensity (tons/person)	117.17	133.60	138.23	61.43
Total water consumption per unit of revenue (tons/RMB million)	194.83	211.18	179.75	191.99

Gasoline Consumption

	For the year ended 31 December			For five months ended 31 May
	2023	2024	2025	2026
Gasoline consumption (liters)	34,860	34,517	33,250	10,434
Gasoline consumption intensity (tons/person)	21.03	22.24	21.41	6.58
Total gasoline consumption per unit of revenue (tons/RMB million)	37.49	35.16	27.84	20.57

Diesel Consumption

	For the year ended 31 December			For five months ended 31 May
	2023	2024	2025	2026
Diesel consumption (liters)	13,593	17,493	26,577	10,817
Diesel consumption intensity (tons/person)	8.20	11.27	17.11	6.82
Total diesel consumption per unit of revenue (tons/RMB million)	13.63	17.82	22.25	21.33

Natural Gas Consumption

	For the year ended 31 December			For five months ended 31 May
	2023	2024	2025	2026
Natural gas consumption (m^3)	424,705	420,465	497,147	215,266
Natural gas consumption intensity (m^3/person)	256.16	270.92	320.12	135.81
Total gas consumption per unit of revenue (m^3/RMB million)	425.92	428.26	416.28	424.44

Pollutant Emissions

We strictly comply with the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Water Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes and other relevant laws and regulations. We implement rigorous monitoring and treatment of wastewater, exhaust gases and solid waste, particularly hazardous waste, conduct harmless treatment of all solid waste and waste liquids, and discharge them after meeting the standards.

The pollutants generated by our operations are categorised into hazardous waste and non-hazardous waste. We advocate for paperless office practices and encourage the collection and recycling of recyclable paper to reduce paper consumption. Hazardous waste primarily includes waste organic solvents, waste lubricating oil, waste vaccines, etc., and we implement 100% standardised treatment for hazardous waste. Non-hazardous waste mainly consists of wastewater, waste paper, packaging cartons, and other non-hazardous waste generated during daily production. We provide guidance to employees on proper waste sorting and recycling to enhance waste recycling and utilisation rates.

Waste Discharge

	For the year ended 31 December			For five months ended 31 May
	2023	2024	2025	2026
Hazardous waste (tons)	33.74	31.34	57.91	19.50
Non-hazardous waste (tons)	14,947.42	14,599.30	45,243.01	28,762.07

Greenhouse Gas Emissions

For FY2023, FY2024, FY2025 and 5M2026, our greenhouse gas emissions were as follows:

Greenhouse Gas Emissions

	For the year ended 31 December			For five months ended 31 May
	2023	2024	2025	2026
Scope 1: direct emissions (tCO2e)	930.17	931.40	1,098.58	463.32
Scope 2: indirect emissions (tCO2e)	8,683.34	7,773.25	8,419.18	3,136.54
Scope 3: business travel (tCO2e)	512.66	666.44	698.28	277.92
Total emissions (tCO2e)	10,126.18	9,371.09	10,216.04	3,877.78
Total greenhouse gas emissions per unit of revenue (tCO2e/RMB million)	9.85	9.45	8.55	7.65

Climate-related Risks

Climate-related risks are generally classified into physical and transition risks, which may affect our Company's operations to a certain extent. Physical risks, including extreme weather events such as high temperatures or heavy rainfall, as well as longer-term changes in temperature or water availability, could potentially disrupt office and R&D activities and affect business continuity. Our Company currently mitigates these risks through planning of daily operations, contingency arrangements, and periodic safety drills. Transition risks, arising from evolving environmental regulations and climate-related requirements, may lead to increased compliance obligations or operating costs. Our Company monitors applicable laws and regulations and implements energy and resource efficiency measures where feasible. Our Company will continue monitoring climate-related risks, actively identifying potential impacts, and strengthening mitigation measures. During the Track Record Period and up to the Latest Practicable Date, climate-related events have not had a material effect on our operations or financial performance.

Corporate Social Responsibility

Employee

The comprehensive quality and professional skills of employees form the foundation for the sustainable development of an enterprise. We have set up a well-established talent development system, setting transparent and reasonable promotion paths for employees across various departments. We are committed to ensuring fair and equitable recruitment mechanisms, implementing a compensation system based on individual performance and capabilities, respecting and safeguarding employee rights and interests, and strictly complying with relevant laws, such as the Labour Law of the PRC and the Labour Contract Law of the PRC. Our Company is committed to providing equal opportunities and maintaining a non-discriminatory working environment. We prohibit any form of discrimination based on gender, age, race, region, educational background or other personal characteristics, and advocate for diversity in

employee structure. In terms of employment practices, recruitment, promotion and training decisions are based on merit and job-related requirements, and our Company maintains fair and transparent dismissal procedures in accordance with applicable labour laws and internal policies. In support of its diversity commitment, our Company has set a target of achieving 36% female employee representation by 2026.

Our Company has established a systematic performance management system, clear and transparent promotion pathways, and a compensation development framework to ensure the implementation of our Company's policies, motivate employee development, and maintain talent competitiveness. Performance management is implemented through a dual system of organisational and individual performance, enabling the effective cascading our Company's annual operational objectives to departments and individuals, achieving effective alignment between individual and organisational goals, ultimately fostering the mutual growth of individuals and the enterprise. Meanwhile, our Company regards talent development as one of the objectives for management personnel. In addition to organising systematic onboarding training for new hires, the human resources department regularly provides targeted training for personnel from different departments. The training content is diverse, including mentorship programs, offline intensive training, online learning, practical exercises, benchmarking visits, job rotations, competition-based Q&A, and book-based study, thereby systematically promoting employee development and talent pipeline construction. Regarding compensation, our Company adopts a hybrid strategy that balances internal equity with external competitiveness. Diversified incentive models are applied to marketing positions, while emphasising stability and security for functional roles. Following the annual performance evaluation, we conduct salary adjustments to retain high-performing employees, considering individual performance, current compensation levels, and our Company's operational situation. Furthermore, we provide a structured compensation system. Employee compensation primarily comprises base salary, performance bonuses, and project bonuses, with core employees eligible for long-term equity incentive plans. The benefits system, built upon statutory social insurance and housing provident fund benefits, is enhanced with employee care elements such as health check-ups, holiday benefits, and birthday gifts, committed to providing employees with comprehensive protection and support.

Employee

	For the year ended 31 December			For five months ended 31 May
	2023	**2024**	**2025**	**2026**
By Gender				
Male employees (persons)	1,105	1,006	995	1,020
Female employees (persons)	553	546	558	565
By Employment Type				
Full-time employees (persons)	1,568	1,487	1,497	1,507
Part-time employees (persons)	77	54	36	26
Others*	13	11	20	52
By Age Group				
Below 30 (persons)	372	387	429	433
30-50 (persons)	1,075	986	974	1,003
Above 50 (persons)	211	179	150	149
Total number of employees (person)	1,658	1,552	1,553	1,585

*: Others represent agents/contract workers/interns/volunteers, etc., employed by our Company to work at workplaces under its control or in public places and/or to work/provide services at the workplaces of the issuer's customers.

We attach importance to the stability of workforce development. For FY2023, FY2024, FY2025 and 5M2026, our employee turnover rates were 23.3%, 17.6%, 14.2% and 4.2%, respectively, showing a positive trend of improvement in team stability. Our Company will conduct a detailed analysis of employee departures to continuously optimise talent recruitment and retention strategies and enhance talent competitiveness. The distribution of employee turnover for FY2023, FY2024, FY2025 and 5M2026 is as follows:

Employee Turnover

	For the year ended 31 December			For five months ended 31 May
	2023	**2024**	**2025**	**2026**
By Gender				
Male (persons)	284	203	162	47
Female (persons)	103	71	59	20
By Position				
Senior management (persons)	0	1	0	0
Middle management (persons)	26	7	5	3
General employees (persons)	361	266	216	64
By Age Group				
Below 30 years old (persons)	155	111	83	28
30-50 years old (persons)	183	134	101	27
Above 50 years old (persons)	49	29	37	12
Total employee turnover (persons)	387	274	221	67

Health and Safety

Our Company strictly complies with relevant laws and regulations, including the PRC Work Safety Law and the Law of the PRC on Prevention and Control of Occupational Diseases, and has obtained the ISO45001 certification for its Occupational Health and Safety Management System. We conduct regular workplace safety inspections to assess potential safety risks in daily operations, identify safety hazards that may adversely affect the health and safety of employees, and carry out rectifications based on actual circumstances. Our Company provides regular safety training for all employees to safeguard their safety and health. Meanwhile, our Company has a comprehensive emergency management mechanism in place and organises 2 to 3 safety drills annually to enhance employees' risk response capabilities. During the Track Record Period and up to the Latest Practicable Date, our Company did not have any work-related accidents, work-related injuries or fatalities.

Our Company actively implements safety production measures by establishing corresponding standards, training programs, supervision mechanisms, and emergency response plans. This includes various safety production management systems and safe operating procedures, the high-quality execution of annual safety training plans, regular hazard inspections on an annual, monthly, weekly, and daily basis, and the filing of corresponding emergency response plans with the Emergency Management Bureau in each city.

Employees Training and Diversified Development

Our Company provides diversified learning channels and resources by establishing a comprehensive and multi-level training system that not only enhances employees' professional capabilities but also focuses on cultivating their overall qualities, fostering a positive and healthy corporate culture. Our Company designs differentiated learning programs for employees at various levels and across different departments: systematic onboarding and integration support for new employees; specialised leadership development programs for managers at all levels and high-potential talents; professional competency enhancement programs for business backbones, and continuous advancement of strategic thinking and management concepts within the senior management team. Our Company emphasises the integration of practical application and growth, and through diversified development approaches, is committed to building a talent pipeline that aligns with business needs and features a reasonable structure, thereby supporting the comprehensive development of employees and the continuous progress of the organisation.

To ensure the effective utilisation of training resources and systematically promote employee development, we continuously monitor employees' participation in training. The statistics on the duration of employee training participation for FY2023, FY2024, FY2025 and 5M2026 are presented in the table below:

Employee training hours

	For the year ended 31 December			For five months ended 31 May
	2023	**2024**	**2025**	**2026**
Total employee training hours (hours)	33,616	30,400	110,730	19,676
By Gender				
Male (hours)	18,128	19,053	91,983	15,799
Female (hours)	15,488	11,347	18,747	3,877

In the future, while maintaining overall training investment, we will further optimise training content and design training categories based on job levels to achieve more balanced and efficient talent development.

Labour Standards

Our Company strictly adheres to international labour standards. During the Track Record Period and up to the Latest Practicable Date, we confirm that there has been no use of child labour or forced labour, and we maintain a zero-tolerance stance towards such practices.

Supply Chain Management

Our Company has established a mature closed-loop management mechanism in supply chain management, strictly complying with the Tendering and Bidding Law of the PRC and formulating systems such as the Supplier Management System and Procurement Management System, achieving full-process coverage from qualification access, suppliers valuation, suppliers elimination, suppliers management principles, suppliers guidance, and suppliers blacklist and other aspects. During the onboarding phase, our Company rigorously reviews supplier qualifications and quality, to ensure the suppliers' legal production and operation qualifications. The production suppliers must have a well-established quality assurance system and the corresponding technology force. Our Company shall give priority to suppliers with good market reputation and stable material quality. Every half year, cross functional assessments are carried out jointly by procurement, quality and technology departments, comprehensively evaluating suppliers across different dimensions including quality, delivery performance, and price. Suppliers are then classified into Tier A, Tier B, and Tier C based on their scores. Our Company establishes strategic partnerships and maintains high-level engagement with highly-rated Tier A suppliers to build a stable and mutually trustworthy supply chain system.

Business Ethics

We are committed to adhering to the highest standards of business ethics across all company activities. Our Company strictly complies with relevant laws and regulations, including the Company Law of the PRC, the Anti-Monopoly Law of the PRC, and the Anti-Unfair Competition Law of the PRC, and established a comprehensive set of business ethics and compliance management systems covering anti-corruption, anti-bribery and anti-fraud.

Our Company requires all staff to sign on the Integrity Commitment Documents, through systems such as the Integrity Commitment Letter and the Internal Control Management Manual of our Company, explicitly prohibits to solicit or accept bribes in any form. Disciplinary actions will be taken against violations such as soliciting bribes, accepting bribes, and providing bribes, in case of criminal activities, it will be dealt with according to the law. Simultaneously, our Company establishes a reporting and supervision mechanism, encouraging employees to report violations of integrity requirements through established channels, and

strictly keeping the information of the reporters confidential. Our Company also extends its integrity requirements to supply chain management, signing sunshine agreements with partners, and taking corresponding restrictive or terminating measures against suppliers who violate the principles of integrity. Our Company continuously strengthens the integrity awareness and professional ethics of all employees, striving to foster a culture of clean governance characterised by full participation and institutional safeguards.

Product Quality and Safety

Our Company attaches great importance to product quality and safety, fulfills product responsibilities, safeguards customer rights and interests, and actively promotes sustainable development in the industry. Each subsidiary has established an independent quality management department, which continuously improves the quality management system in terms of organisational structure, personnel configuration, and division of labour, ensuring the effective operation of quality management work. Our Company establishes a quality management system based on the Good Manufacturing Practice (2020 Edition) (《獸藥生產質量管理規範(2020年版)》), compiles and implements quality management system documents, clarifies organisational institution settings, departmental and personnel responsibilities, management systems and standard operating procedures, forming a management system that covers procurement, production, and quality departments. In terms of quality standard management, our Company relies on relevant announcements from the Ministry of Agriculture and Rural Affairs and national standards to establish an internal quality control standard system that is not lower than the requirements of announcements or national standards, covering quality standards for raw materials, packaging materials, semi-finished products, and finished products, as well as corresponding inspection and testing specifications, ensuring that products meet quality requirements at all production stages. In the product quality inspection link, our Company relies on its internal quality inspection system, equips corresponding detection equipment and detection methods, and conducts strict inspections on products. For unqualified products, our Company handles them according to the unqualified product management procedure, conducts cause analysis, and makes subsequent improvements to prevent unqualified products from entering the market. Additionally, our Company regularly collects and analyses quality data, identifies potential problems and improvement opportunities, as well as customer feedback and changes in market demand to continuously adjust quality control measures and promote continuous improvement of product quality.

Animal Welfare and Ethical Sourcing

Our Company holds valid laboratory animal licenses and has established a comprehensive management framework to govern the use of experimental animals, in compliance with applicable laws, regulations, and ethical standards. The framework includes animal experiment management procedures, personnel access control measures for animal laboratories, laboratory drinking water management regulations, animal welfare requirements, and ethical review mechanisms, covering key aspects such as living conditions, daily care and experimental procedures. All animal experiments are subject to prior review and approval by our Company's Animal Ethics Review Committee and are monitored throughout their implementation. Our Company is committed to maintaining experimental animals in healthy conditions, minimising stress and unnecessary pain, and preventing disease or abnormal behavior.

Our Company has implemented internal policies governing its procurement processes to ensure that raw materials and products are sourced in compliance with applicable laws, regulations and ethical standards. In particular, the purchase of experimental animals is subject to our Company's internal rules and procedures, to ensure compliance with animal welfare and ethical requirements.

Target

We are committed to reducing the environmental impact of our Company's operations. To achieve our ESG vision, we will translate our management strategies into quantifiable, time-bound, specific objectives. In developing our ESG framework, our Company has made reference to internationally recognised standards and taken industry practices into account, to ensure that its ESG disclosures and targets are broadly in line with peers. In the short term (by

2026), we will establish a cross-departmental ESG working group to ensure coverage of all key departments and provide basic ESG concept and policy training to relevant employees. Using 2024 as the base year and 2029 as the target year, we have set the following goals: (i) reduce greenhouse gas emission intensity by 5% through initiatives such as promoting paperless offices, encouraging public transport commuting, and transitioning to renewable energy; (ii) reduce water consumption by 5% through measures such as posting water-saving signs, implementing water recycling, and upgrading to water-efficient equipment; (iii) reduce electricity consumption intensity by 4% by promptly powering down electronic devices and upgrading to high-efficiency alternatives; (iv) strengthen supply chain management by conducting ESG audits on key suppliers rated B or above. By 2030 and beyond, we are dedicated to fully integrating ESG into the corporate DNA, formulating a carbon neutrality roadmap covering operations, continuously reducing greenhouse gas emissions and energy consumption, and planning to establish an annual social responsibility budget to carry out at least five long-term public welfare projects related to our Company's expertise, thereby actively contributing to society.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, except for the ongoing proceeding as disclosed below, we had not involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

Litigation in relation to Beijing Sinder

As at the Latest Practicable Date, we were involved in one pending litigation that had a relatively significant claim amount. In 2020 and 2021, two facility agreements and a supplemental facility agreement with an individual lender (also the plaintiff of the litigation) were entered into by the brother in law of Mr. Li Zhaoyang, the then legal representative of Beijing Sinder, amounting to RMB21 million, for his use in a separate business venture (primarily engaged in the treatment and utilisation of livestock and poultry manure, which were unrelated to our Group's business) outside our Group back in 2020. The relevant loan agreements were entered into in 2020, under which Beijing Sinder was named as guarantor and appears as a signing party as guarantor (including on the supplemental facility agreement, the validity of which remains in dispute) and the agreed repayment dates was in 2022. Our Group, our Directors and Mr. Li Zhaoyang were not involved in, and were not informed of, the guarantees, the borrowings or the specific use of the borrowed funds. As represented by the borrower, he failed to repay the borrowings since the year of 2022 due to adverse impacts from the COVID-19 pandemic affecting his personal business and therefore Beijing Sinder was involved as one of the defendants in this loan dispute.

A first-instance judgment was granted in July 2024, rendering Beijing Sinder to bear compensatory liability with its obligation specifically limited to 50% of any portion of the debt that the primary borrower ultimately failed to repay. The first-instance judgment was successfully appealed by Beijing Sinder on the following grounds: (i) no corporate authorisation of any sort of Beijing Sinder had been obtained in connection with these unauthorised guarantees; (ii) Beijing Sinder was entirely unaware of, and held no fault in relation to, the unauthorised guarantees; and (iii) irregularities in the facility agreements, including potential replacement of pages in the primary facility agreements and the use of a forged company seal on the supplemental facility agreement. The appellate court's decision in February 2025 is to vacate the judgment and order a complete retrial on the basis of the new evidence and circumstances had emerged, in particular the page-replacement and forged-seal findings. As at the Latest Practicable Date, the litigation was in the retrial stage and there had been no final court rulings on this pending litigation.

Since our risk acting as the guarantor for these loans already increased significantly at the time when the borrower breached the loan agreements in 2022, we have made provision for potential claims under this guarantee in 2022 amounting to approximately RMB17.2 million,

RMB17.2 million, RMB19.6 million and RMB20.2 million and it was included in our "financial guarantee liabilities" as included in "other payables" in our financial statement as at 31 December 2023, 2024, 2025 and 31 May 2026. The provision was determined on a prudent basis adopting the expected credit loss (ECL) model, with reference to the first-instance judgment (in effect at the time of provisioning). Considering we have already made considerable amount of provision on our financial statements, our Directors are of the view that the total liabilities to be incurred resulting from the event of losing such lawsuit will not have material adverse impact on our business, financial condition and results of operations.

Following the litigation, our Group has conducted a comprehensive review of all historical and existing third-party guarantees across our Group and confirmed that we maintain no active outward third-party guarantees other than standard intra-group financing arrangements. We have further enhanced our internal control measures by (i) requiring mandatory vetting and formal approval for any proposed guarantee by a member of our Group; (ii) maintaining a central register of key details of each guarantee; (iii) implementing an updated seal management system which incorporates multi-level approval procedures, real-time monitoring and complete traceability; (iv) imposing penalties for unauthorised use of corporate seals; and (v) providing mandatory quarterly training to legal representatives and key management personnel on legal risks associated with seal misuse and the consequences of non-compliance, among others.

The Internal Control Consultant has reviewed the enhanced measures implemented by our Group, and no material internal control deficiencies were further identified. Our Company will continue to implement these measures strictly and consistently, and our Directors are of the view that, and the Internal Control Consultant concurred, these measures are adequate and effective in preventing the recurrence of similar incidents.

Non-compliance in relation to social insurance and housing provident fund contributions

Under the applicable PRC laws and regulations, employers are obliged to contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we did not make adequate social insurances and housing provident fund contributions for certain employees. The aggregate shortfall amounts of the social insurance and housing provident fund contributions to our employees for FY2023, FY2024, FY2025 and 5M2026 were approximately RMB18.6 million, RMB20.3 million, RMB22.2 million and RMB6.4 million, respectively. The underlying reasons for such non-compliance were primarily due to (i) certain contributions having been calculated based on the minimum statutory base rather than the employees' actual salaries, thereby omitting allowances and bonuses from the contribution base; and (ii) certain employees were unwilling to bear the costs associated with social insurance and housing provident fund contributions strictly in proportion to their salaries.

According to relevant PRC laws and regulations, (a) regarding social insurances, if the any of the relevant social securities authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balances within a prescribed time period and a daily late fee equal to 0.05% of the total outstanding amount will be imposed from the date the payment was due. For details, please refer to "Regulatory Overview — Regulations Related to Employment and Social Welfare — social insurance and housing fund". Based on the foregoing and assuming the maximum statutory penalties are imposed, the theoretical maximum monetary exposure of our Group may include (i) the outstanding contribution shortfalls, (ii) daily late fees calculated at 0.05% of the outstanding amounts, and (iii) administrative fines of up to three times of the outstanding social insurance contributions. During the Track Record Period and up to the Latest Practicable Date, we had not received any such notice or order. If we failed to do so within the prescribed period as requested by the relevant social insurances authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance; and (b) regarding housing provident fund contributions, if any of the relevant housing provident fund authorities is of the view that out contributions to the housing provident funds do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balances within a prescribed time period. If we do not comply with such requirement, we may be subject

to an order from the relevant people's courts to make such payment. Further, our failure to apply for the establishment of housing provident fund accounts for our employees may subject us to being ordered to do so by a specified date, and further non-compliance may attract a fine of RMB10,000 to RMB50,000.

As advised by our PRC Legal Adviser, on the basis that (i) we have obtained confirmations from the competent local human resources and social security bureaux, healthcare security bureaux and housing provident fund management centres in the relevant localities where our Group operates, confirming that no administrative penalty was imposed on us in connection with social insurance or housing provident fund matters covering the Track Record Period; (ii) during the Track Record Period, our Group had not received any administrative penalty imposed on us in relation to the social insurances and housing fund contributions requiring us to pay shortfalls or penalties; (iii) we were not aware of any material employee complaints nor were involved in any material labour disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period; (iv) under current national policy, the relevant authorities are not permitted to organise concentrated collection of historical arrears of social insurance contributions on their own initiative; and (v) our Controlling Shareholders had undertaken to fully indemnify our Group against any direct or indirect losses suffered by our Group in connection to the administrative penalties imposed on our Group or complaints from employees due to late or inadequate contribution in relation to social insurances and housing provident funds, without further claims made against our Group to recover any losses, and will duly comply in a timely manner if any competent government authorities require us to make contributions within a stipulated time period or make supplementary contributions and late fees, the likelihood that our Group is subject to any material administrative penalties or compelled to make supplementary contributions initiated by the relevant PRC authorities due to our failure to provide full social insurance and housing provident funds contributions for our employees during the Track Record Period is remote provided that no material changes occur to the current collection policies and supervision requirements for social insurance and housing provident fund and if we are able to promptly settle all payment requests from the relevant government authorities. Our Group has established a three-year rectification plan with the goal of achieving compliant social insurance and housing provident fund contributions for all employees in accordance with applicable PRC laws and regulations by the end of 2029.

To prevent recurrence of similar non-compliance, our Group has implemented the following enhanced internal control measures: (i) regularly communicate with relevant government authorities to ensure our calculation and payment methods are in compliance with the applicable laws, regulations and prevailing requirements; (ii) refine our human resources management system to automatically generate contribution breakdown and reconcile with the actual amounts declared and paid; (iii) actively monitor changes in applicable requirements; and (iv) prepare reports on a regular basis regarding contribution amounts for review by our Directors to enhance monitoring. The Internal Control Consultant has reviewed the enhanced measures implemented by our Company, and no material internal control deficiencies were further identified. Our Company will continue to implement these measures strictly and consistenly, and our Directors are of the view that, and the Internal Control Consultant concurred, these measures are adequate and effective in preventing the recurrence of similar incidents.

Having considered the relevant government authorities' confirmations, our PRC Legal Adviser's advice and the Internal Control Consultant's view, our Directors are of the view that the above non-compliance will not materially affect our business, financial condition and results of operations.

Non-Compliance in relation to Sinder Genetics

As part of our ancillary services, we utilise our diagnostic test kits for testing services to our client. During the Track Record Period, among the diagnostic test kits produced by Sinder Genetics, there are approximately 29 types of diagnostic test kits that underwent pilot-scale production without having obtained the relevant registration approval for veterinary drug products. These diagnostic test kits so produced were utilised by our Group subsidiaries forinternal testing purpose and by our customers under our ancillary testing services.

According to CIC, historically, the domestic diagnostic kit industry in the PRC was at an early stage of development with a relatively small overall market size that was primarily geared toward internal research, development testing and ancillary services rather than scale-driven commercial distribution. Consequently, an effective and comprehensive regulatory oversight framework had not yet fully matured across the industry. Due to the need to identify pathogens rapidly to control outbreaks, the industry prioritised operational detection speed and disease control over administrative product registration, resulting in an industry-wide practice where diagnostic products were produced internally by animal health companies in the PRC and utilised without formal registration. Our Group did not initially source alternative diagnostic kits from external suppliers because the diagnostic kits produced by our Group were primarily used for internal testing purposes and generally served as ancillary customer service support to facilitate rapid pathogen identification rather than functioning as revenue-generating commercial products. In view of Sinder Genetics's existing GMP-certified production lines, our Group believed that it was more cost-effective to leverage its own infrastructure to manufacture the kits internally to fulfil these testing demands, which was consistent with the then-industry practice. Sinder Genetics has ceased all productions relating to these diagnostic test kits with the relevant production line remained completely idle since January 2026, and has secured alternative diagnostic test kits from external suppliers for our Group. In conjunction with securing alternative diagnostic test kits from external suppliers, our Group has withheld from performing any immediate on-site rapid testing (pending regulatory approval) and adopted laboratory-developed testing protocols under which collected samples are analysed in a centralised laboratory environment to satisfy multiplex detection requirements.

As advised by our PRC Legal Adviser, given that (i) the revenue attributed by Sinder Genetics represented only less than 1% of our Group's revenue for each of FY2023, FY2024, FY2025 and 5M2026; (ii) Sinder Genetics has obtained a written confirmation from the local agriculture and rural affairs bureau, being the competent authority in overseeing the production and use of veterinary drug products by Sinder Genetics as advised by our PRC Legal Adviser, that it will not initiate any administrative penalty procedures or criminal prosecution against Sinder Genetics, its legal representatives, directors and senior management in connection with such activities as such activities do not constitute as any material non-compliance that would result in loss of the veterinary drugs market or others or otherwise cause disruption of the order of the veterinary drugs market; and (iii) our Group has already ceased all production and utilisation of these diagnostic test kits and undertake not to produce or sale or provide to external parties (save for production of verification samples to be used for product registration purposes) prior to the obtaining of all necessary approvals or licenses, they are of the view that the likelihood of prosecution initiated by the relevant authority is remote, and that such historical incident shall not have a material adverse impact on our Group's business.

During the Track Record Period and up to the Latest Practicable Date, we (i) are not aware of any actual or contemplated actions, claims or investigations by any relevant government authorities or third parties against us with respect of such historical incident; and (ii) have not received any customer complaints arising from the use of these pilot-scale diagnostic test kits. Based on the above, after taking into account that Sinder Genetics had no record of administrative penalties or serious dishonesty (嚴重失信) in the fields of agriculture, health or market supervision, and having considered of the relevant government authorities' confirmation and our PRC Legal Adviser's view, we are of the view that the likelihood of the incident giving rise to subsequent or extended product liability is low, and believe that the above matter will not materially and adversely affect our Group's ability to obtain future regulatory approvals, nor materially affect our business, financial condition and results of operations.

To prevent the recurrence of similar non-compliance, our Group has implemented enhanced internal control measures comprising (i) licence applications and renewals have to undergo a multi-layered mechanism, with initiations, reviews and submissions to relevant authorities be handled by different departments of our Group; (ii) a licence register has been established to record key information, including but not limited to validity periods and expiry dates, and is monitored to ensure ongoing compliance of our products; and (iii) regulatory registration status of all products must be reviewed before any production or sales activities may commence. The Internal Control Consultant has reviewed the enhanced measures implemented by our Company, and no material internal control deficiencies were further

identified. Our Company will continue to implement these measures strictly and consistently, and our Directors are of the view that, and the Internal Control Consultant concurred, these measures are adequate and effective in preventing the recurrence of similar incidents.

Save as disclosed above, our Directors, as advised by our PRC Legal Adviser, confirm that during the Track Record Period and up to the Latest Practicable Date, we have complied with all relevant PRC laws and regulations in all material respects.

LICENSES, PERMITS AND CERTIFICATES

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, all requisite licenses, permits and certificates that are material for our operations in the PRC had been obtained, and all of such licenses, permits and certificates are currently in effect. We had not experienced any material difficulty in renewing our key licenses, permits and certificates during the Track Record Period and up to the Latest Practicable Date, and we do not foresee any material impediment to the renewal of our licenses and permits that are due to expire within 12 months, therefore we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

The following table sets forth a summary of the key licenses, permits and certificates that we had obtained as at the Latest Practicable Date:

Holder	License/Permit/Certificate	License/Permit/ Certificate Number	Issuing Authority	Issue Date	Expiry Date
Our Company . .	Veterinary Drug Production Licence and veterinary drug GMP certificates[Note (i)]	Licence for Veterinary Drug Production (2021) No. 15043	Shandong Provincial Bureau of Animal Husbandry and Veterinary Medicine	15 July 2026	19 December 2026[Note (v)]
		Veterinary drug GMP certificate No. 15047		26 May 2022	19 December 2026[Note (v)]
		Veterinary drug GMP certificate No. 15024		15 July 2026	14 July 2031
Shandong Sinder Animal Vaccine	Veterinary Drug Production Licence and veterinary drug GMP certificate[Note (ii)]	Licence for Veterinary Drug Production No. 15312	Shandong Provincial Bureau of Animal Husbandry and Veterinary Medicine	17 August 2026	14 October 2030
		Veterinary drug GMP certificate No. 15013		17 August 2026	14 October 2030
Beijing Sinder .	Veterinary Drug Production Licence and veterinary drug GMP certificate[Note (iii)]	Licence for Veterinary Drug Production for No. 01037	Beijing Municipal Bureau of Agriculture and Rural Affairs	8 May 2026	28 November 2026[Note (v)]
		Veterinary drug GMP certificate No. 01010		18 April 2022	28 November 2026[Note (v)]
Shandong Haili .	Veterinary Drug Production Licence and veterinary drug GMP certificate[Note (iv)]	Licence for Veterinary Drug Production No. 15439	Shandong Provincial Bureau of Animal Husbandry and Veterinary Medicine	31 August 2026	9 June 2027
		Veterinary drug GMP certificate No. 15100		25 June 2025	9 June 2027

Notes:

(i) in relation to Powders/Premixes, Granules (including Chinese herbal extracts), Tablets/Granules (including Chinese herbal extracts), Terminally Sterilised Large-Volume Non-Intravenous Injections (including Chinese herbal extracts), Oral Solutions (including Chinese herbal extracts), Disinfectants (Solid), Disinfectants (Liquid, Class D)/Topical Insecticides (Liquid, Class D), Chinese herbal extracts (Lentinus edodes polysaccharides, Scutellaria baicalensis extract), egg yolk antibodies, transfer factor oral solution, non-sterile active pharmaceutical ingredients (Grade D, pimobendan, tofenac acid, maropitant citrate)

(ii) in relation to cell-culture-based inactivated vaccine against pathogenic avian influenza virus and DNA vaccine

(iii) in relation to inactivated bacterial vaccine (including subunit vaccines derived from bacterial culture), embryo-cultured live viral vaccine, cell-cultured live viral vaccine, live bacterial vaccine, embryo-cultured inactivated viral vaccine and cell-cultured inactivated viral vaccine

(iv) in relation to inactivated bacterial vaccine; cell-cultured inactivated viral vaccine (2 entries); cell-cultured live viral vaccine (2 entries); suspension cell culture-derived viral subunit vaccine; suspension cell culture-derived inactivated viral vaccine; suspension cell culture-derived subunit vaccine; live bacterial vaccine

(v) in the process of renewal and we do not foresee any material impediment to the renewal.

AWARDS AND RECOGNITION

We have received recognition for the quality and popularity of our products and services. The following table sets forth major awards and recognitions we received during the Track Record Period.

Year of Grant	Awarded Project	Award/Recognition	Awarding organisation
2025	Research, development, and application of key technologies for prevention, control, and vaccine creation against high-frequency infectious diseases in piglets (仔豬頻發傳染病疫苗創製與防控關鍵技術及應用)	First prize of Shandong Provincial Science and Technology Progress Award	Shandong Provincial People's Government
2025	PCV3 viral strain and PCV3 genetically engineered subunit vaccine (PCV3病毒株及PCV3基因工程亞單位疫苗)	First Prize of Weifang City Patent Award	Weifang Municipal People's Government
2022	Preparation method of refined yolk antibody against duck viral hepatitis (鴨病毒性肝炎精製蛋黃抗體的製備方法)	Third prize of Shandong Provincial Patent Award	Shandong Provincial People's Government
2022	–	Shandong Provincial Manufacturing Champion Enterprise (山東省製造業單項冠軍企業)	Department of Industry and Information Technology of Shandong Province
2021	Key technologies and application for healthy and efficient broiler production (肉雞健康高效養殖關鍵技術與應用)	Second prize of China Agricultural Science and Technology Award	Ministry of Agriculture and Rural Affairs of the People's Republic of China
2021	–	Shandong Provincial Science and Technology Leading Enterprise (山東省科技領軍企業)	Department of Science and Technology of Shandong Province
2017	Creation and production process optimisation technologies for genetically engineered vaccines against several livestock and poultry viral diseases (幾種畜禽病毒病基因工程疫苗創製及生產工藝優化技術)	Third prize of Shandong Provincial Science and Technology Award	Shandong Provincial People's Government

RISK MANAGEMENT AND INTERNAL CONTROL

We recognise that risk management is critical to the success of our business operation. Key operational risks we face include changes in the general market conditions and the regulatory environment of the PRC and global animal health product markets, our ability to develop, manufacture, commercialise and distribute our products, and our ability to compete with other animal health product solutions companies. For details of the various risks and uncertainties we face, see "Risk Factors" in this document.

We have established and currently maintain comprehensive risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. Our board is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional departments.

The following key principles outline our approach to risk management and internal control:

Risk management

- In accordance with our risk-grading and control system, our Group identifies, evaluates and grades safety and operational risks across all activities, facilities and processes. Relevant departments are responsible for conducting routine risk identification and assessment, determining risk levels, and implementing corresponding control measures.

- Risks are managed under a graded control mechanism, where higher-level or major risks are escalated to company-level oversight. Control measures include engineering controls, management measures, training, personal protection and emergency response.

- We provide regular training to employees on risk identification, risk control, hazard awareness and emergency procedures to ensure continuous enhancement of risk-management capability.

Internal control

- We have adopted various measures and procedures regarding our business operations, including related party transactions, risk management, intellectual property protection, environmental protection, and occupational health and safety.

- We have adopted anti-money laundering, anticorruption, and anti-bribery related policies and procedures. Our policies prohibit any form of bribery, corruption, or improper payments in our business operations. This prohibition applies to all employees and extends to all external stakeholders, including customers, suppliers and other third parties involved in our business activities. Prohibited improper payments include bribes, excessive gifts, or any form of valuable possessions or favours intended to secure an undue business advantage.

We have employed an independent internal control consultant to assess our internal control system in connection with the [**REDACTED**]. The internal control consultant has conducted a review procedure on our internal control system in certain aspects, including financial reporting and disclosure controls, corporate level controls, information system control management and other procedures for our operations. We had improved our internal control. During the internal control follow-up review, we have adopted and implemented the corresponding enhanced internal control measures, and no further material deficiencies were identified by internal control consultant.

Data Privacy and Cybersecurity

During the Track Record Period and up to the Latest Practicable Date, the data we process in the ordinary course of business mainly comprises basic corporate information of customers and suppliers, farming-environment and animal bodyweight data collected through monitoring equipment, and animal disease testing and inspection data from samples submitted by customers. Through our websites, mini-program and e-commerce store membership systems, we have also collected limited personal information from individual users, primarily names, telephone numbers and addresses and, in a small number of cases, email addresses and dates of birth.

Such personal information is used only for customer and supplier management, membership services and fulfilment of sales orders. Necessary personal information is provided to third-party payment platforms and logistics service providers solely to process transactions and deliver products. We have not engaged in any cross-border transmission of data. As advised by our PRC Legal Advisers, we do not process "important data" as defined under applicable PRC data security laws and regulations, and our collection, use and provision of data have complied with applicable data privacy and security laws and regulations in all material respects.

We have adopted information-technology management policies covering system development, access rights, backup and recovery, data security, privacy protection, emergency response and partner data management. System access is granted by department and role. Administrator accounts are held by the Information Technology Department. Initiation, change or deletion of user rights is processed through an approval workflow and implemented only after approval by the relevant department head, the Audit Department and the Information Technology Department. The Information Technology Department conducts periodic access reviews. Employees have signed confidentiality undertakings. When dealing with customers and suppliers, we obtain confirmation and authorisation for data collection and include confidentiality provisions in the relevant contracts. External sharing of documents requires prior departmental approval. We maintain network firewalls, password controls, restrictions on removable storage for relevant staff, periodic log reviews and a business continuity and disaster-recovery plan, and we conduct annual emergency drills.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incident of consumer data leakage or material loss of data. Our Directors considered, and the Internal Control Consultant concurred, that the internal controls on data privacy and cybersecurity are adequate and effective if implemented on an ongoing basis.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board of Directors serves a term of three years, which is renewable upon re-election and re-appointment and is responsible and has general powers for the management and conduct of our business.

The following table sets out certain information of our Directors:

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. LI Zhaoyang (李朝陽) . .	58	Executive Director, chairman of our Board and president	2 April 1999	2 April 1999	Primarily responsible for overseeing the overall management, business operation, and strategies of our Group	None
Mr. DONG Tao (董濤) . . .	51	Executive Director, chief financial officer and executive vice president	7 August 2020	1 May 2005	Primarily responsible for the organisational development, financial management and assisting the president of our Company in our daily operations	None
Mr. LOU Zongliang (婁宗亮) . .	58	Executive Director and vice president	7 September 2007	2 April 1999	Primarily responsible for the overall operations of Taikefeng	None
Mr. SONG Chengchao (宋誠超) . .	42	Executive Director and vice president	2 August 2023	1 April 2022	Primarily responsible for the international business segment of our Company, animal health services for pets and the management, business and strategies of our Group	None
Mr. SHAN Yong (單勇) . . .	58	Non-executive Director	2 August 2023	2 August 2023	Primarily responsible for participating in the decision making in relation to our Company's long term business plans, major investment proposals and overall development, as well as safeguarding the interests of our Company and our Shareholders	None
Mr. SHIBATA Yosuke (柴田洋輔) .	42	Non-executive Director	31 October 2024	18 July 2022	Primarily responsible for overseeing the management, business and strategies of our Group	None

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. TANG Waiyau (鄧維祐) . .	51	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Primarily responsible for providing independent advice and judgement to our Board	None
Ms. Li Yuanyuan (李瑗瑗) . .	62	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Primarily responsible for providing independent advice and judgement to our Board	None
Mr. Ma Xingyuan (馬興元) . .	57	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Primarily responsible for providing independent advice and judgement to our Board	None

Executive Directors

Mr. Li Zhaoyang (李朝陽), aged 58, is the chairman of our Board, our executive Director and president, and one of our Controlling Shareholders. Mr. Li Zhaoyang has over 25 years of experience in the animal health and veterinary industry. He founded our Group in April 1999, has served as the chairman of our Board and a Director since then and was re-designated as an executive Director on 4 February 2026. He served as the general manager of our Company from April 1999 until his appointment as president in July 2009. He has further served as a director of Beijing Sinder since its incorporation on 13 December 2004, and as the chairman of the board of directors and general manager of Qingdao Sinder since its incorporation on 24 April 2002. He is primarily responsible for overseeing the overall management, business operation, and strategies of our Group.

Mr. Li Zhaoyang does not hold any past directorships in listed companies in the last three years.

Mr. Li Zhaoyang obtained his Bachelor's degree in Veterinary Medicine from Laiyang Agricultural College (萊陽農學院), now known as Qingdao Agricultural University (青島農業大學) in Shandong in July 1991. He further obtained a Master's degree in Business Administration from the China Europe International Business School (中歐國際工商管理學院) in Shanghai in September 2003. He has been certified as a Senior Engineer (正高級工程師) by the Shandong Provincial Senior Review Committee for Engineering and Technical Professional Qualifications (山東省工程技術職務資格高級評審委員會) in December 2023.

Mr. Li Zhaoyang was appointed as an off-campus mentor by the Graduate School of Chinese Academy of Agricultural Sciences (中國農業科學院研究生院) in September 2020, for a term of three years. Mr. Li Zhaoyang currently serves as the vice president of the China Veterinary Drug Association (中國獸藥協會副會長). He has led our Company to become a Chairman Unit of the Shandong Veterinary Drug Industry Technology Innovation Strategic Alliance (山東獸藥產業技術創新戰略聯盟理事長單位) since November 2018, and to participate in the joint construction of one of the Shandong Healthy Breeding Modern Industry College (山東省健康養殖現代產業學院). He has been vice president of the First Council of the Alumni Association of Qingdao Agricultural University (青島農業大學校友會第一屆理事會副會長) since November 2025. Mr. Li Zhaoyang was appointed as a professor by Qingdao Agricultural University (青島農業大學) in December 2025.

Further, Mr. Li Zhaoyang is also the Chairman of Qingaochuang (Shandong) Consulting Co., Ltd.* (禽高創(山東)諮詢有限公司), and investment holding company.

Mr. DONG Tao (董濤), aged 51, is our executive Director, chief financial officer and an executive vice president.

Mr. Dong has over 20 years of experience in the animal health industry. Mr. Dong joined our Group in May 2005 as a ERP project manager of Qingdao Sinder and has since served in various managerial positions across different subsidiaries of our Group, including financial manager of our Company from May 2005 to December 2008, an accounting manager of our Company from January 2009 to January 2010, and a financial manager of our Company from January 2010 to January 2012. He was appointed as our chief financial officer in January 2012, as a Director in August 2020 and was re-designated as an executive Director on 4 February 2026. Further, he has served as a director and legal representative of Beijing Sinder since May 2026, as an executive director and legal representative of Shandong Haili since April 2023, and as a director of Qingdao Sinder since October 2023. He is primarily responsible for the organisational development, financial management and assisting the president of our Group in our daily operations.

Mr. Dong does not hold any past directorships in listed companies in the last three years.

Mr. Dong obtained his Bachelor's degree in Accounting from Southwest University of Science and Technology (西南科技大學) in Sichuan in January 2011. He obtained a Master's degree in Business Administration from Catholic University of Murcia in Murcia in May 2022. The Master's degree programme was a long-distance learning course. Mr. Dong was certified as a mid-level accountant (中級會計師) in August 2009 by the Shandong Provincial Department of Human Resources and Social Security (山東省人力資源和社會保障廳).

Mr. LOU Zongliang (婁宗亮), aged 58, is our executive Director and our vice president. He joined our Group in April 1999, and was appointed as a Director and vice president in September 2007. Since October 2019, he served as the chairman of the board of our subsidiary, Taikefeng. He has further served as an executive director and manager of Shandong Sinder Animal Vaccine since October 2024, and as a director of Qingdao Xingfu since April 2026. He was re-designated as an executive Director on 4 February 2026. He is primarily responsible for the overall operations of Taikefeng.

Mr. Lou has over 26 years of experience in the animal health industry. Upon joining our Group in April 1999, he worked as an assistant general manager and as the general manager of key accounts department of our Company until July 2004. From August 2004 to June 2008, he worked as the sales director of our Company. From July 2008 to September 2019, he served as the vice president of our Company. From July 2012 to June 2017, he served as the general manager of the customer division of our Company, and as the general manager of the environmental protection division of our Company from July 2017 to September 2019.

Mr. Lou does not hold any past directorships in listed companies in the last three years.

Mr. Lou obtained his Bachelor's degree in Textiles Engineering from Shandong Institute of Textile Engineering (山東紡織工學院), now known as School of Textile and Apparel (紡織服裝學院) of Qingdao University (青島大學) in Shandong in July 1991.

Mr. SONG Chengchao (宋誠超), aged 42, joined our Group in April 2022 as vice president, and was appointed as a Director in August 2023. He was re-designated as an executive Director on 4 February 2026. He is primarily responsible for the international business segment of our Company, animal health services for pets and the management, business and strategies of the Group.

Mr. Song has over 12 years of experience in the animal health industry. Prior to joining our Group, he worked as a project manager of the life sciences division at the Sumitomo Corporation (Shanghai) Co., Ltd (上海住友商事有限公司) from April 2012 to March 2017, a company principally engaged in general trading, where he was primarily responsible for the fertiliser and animal health business segment. From April 2017 to March 2021, he worked as the head of the Asia division in the animal health science division of the Sumitomo Corporation (日本住友商事株式會社), where he was primarily responsible for the animal health business segment in Asia.

Mr. Song does not hold any past directorships in listed companies in the last three years.

Mr. Song obtained his Master's degree in Economics from Waseda University (早稻田大學) in Tokyo in March 2012.

Non-executive Directors

Mr. SHAN Yong (單勇), aged 58, joined our Group in August 2023 as a Director. He was re-designated as a non-executive Director on 4 February 2026. He is primarily responsible for participating in the decision making in relation to our Company's long term business plans, major investment proposals and overall development, as well as safeguarding the interests of our Company and our Shareholders.

Mr. Shan has extensive experience in the financial industry. Since January 2022, he has been serving as a supervisor at Zeta Holding Group Co., Ltd* (致達控股集團有限公司), where he was primarily responsible for overseeing the company's business operations and the performance of the its director and senior management, as well as safeguarding the rights and interests of the company and its shareholders.

Mr. Shan does not hold any past directorships in listed companies in the last three years.

Mr. Shan obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in Shanghai in October 2003.

Mr. SHIBATA Yosuke (柴田洋輔), aged 42, joined our Group in July 2022 as a deputy director of finance of the pet business division, and was appointed as Director in October 2024. He was re-designated as a non-executive Director on 4 February 2026. He is primarily responsible for overseeing the management, business and strategies of our Group.

Mr. Shibata has over 9 years of experience in the consulting industry. From June 2017 to March 2022, he worked as an assistant to the general manager in the animal health business unit at Sumitomo Corporation (住友商事株式會社), where he was primarily responsible for the import and export of pharmaceutical ingredients and the development and registration for animal related drugs. From April 2022 to October 2024, he worked at our Company as the deputy financial director and head of the pet business unit, where he was primarily responsible for customer management, registration of pet related products and the review and analysis of the unit's investment projects. He returned to Sumitomo Corporation (住友商事株式會社) in November 2024, and worked as a leader of the animal health business unit, where he was primarily responsible for the sales activities, management and analysis of the unit's investment targets. Since November 2025, he has been the team leader of the planning management and merger and acquisition support team, where he is primarily responsible for the team's management and analysis of its investment targets.

Mr. Shibata does not hold any past directorships in listed companies in the last three years.

Mr. Shibata obtained his Bachelor's degree in Commerce from Waseda University (早稻田大學) in Tokyo in March 2007.

Independent Non-executive Directors

Mr. TANG Waiyau (鄧維祐), aged 51, will join our Group as an independent non-executive director upon [**REDACTED**], and will be primarily responsible for providing independent advice and judgement to our Board.

Mr. Tang has over 28 years of experience in auditing and management consulting. From September 1997 to January 2009, he worked at Deloitte Touche Tohmatsu with the last position as a senior manager, where he was primarily responsible for audit project management, reviewing financial statements, audit of IPO projects and compliance work. From February 2009 to October 2009, he worked as a principal in the audit department at KLC Kennic Lui & Co. Ltd.* (呂禮恒會計師事務所), where he was primarily responsible for overseeing the

execution and auditing of various projects, staff training and communication with clients. After that, he had worked successively as a principal at Shinewing (HK) CPA Limited* (信永中和會計師事務所), where he was primarily responsible for the auditing of listed companies, IPO related audit work and handling financial disclosures, and he returned to KLC Kennic Lui & Co. Ltd.* (呂禮恒會計師事務所) as a director, where he was primarily responsible for auditing projects, quality control, project planning and client relations. Since September 2018, he has been the chief operating officer and compliance officer at Alliance Capital Group Limited (同人融資集團有限公司), where he is primarily responsible for the company's compliance and risk management, internal controls and business development.

Since June 2016, he has been an independent non-executive Director at China Golden Classic Group Limited (中國金典集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 8281), where he has been responsible for providing independent advice to the board, and serving as a member of the audit committee. Since June 2025, he has been an independent non-executive Director at Capital Finance Holdings Limited. (首都金融控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 8239), where he has been responsible for providing independent advice to the board.

Mr. Tang obtained a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University (香港理工大學) in Hong Kong in November 1997. Mr. Tang further obtained a Master's degree in Corporate and Financial Law from the University of Hong Kong (香港大學) in Hong Kong in November 2019. Besides, Mr. Tang was certified as an associate of the Hong Kong Society of Accountants in April 2004, a fellow of the Association of Chartered Certified Accountants in March 2008, and a Certified Public Accountant (Practising) by the Accounting and Financial Reporting Council in January 2025.

Ms. Li Yuanyuan (李瑗瑗), aged 62, will join our Group as an independent non-executive director upon [**REDACTED**], and will be primarily responsible for providing independent advice and judgement to our Board.

Ms. Li has over 32 years of experience in education. From July 1983 to April 1995, she worked as a lecturer at Qufu Normal University (曲阜師範大學). From April 1995 to February 2005, she worked as the director of operations and product at Lucent Technologies Qingdao Telecommunications Systems, Ltd.* (朗訊科技青島通訊設備有限公司), where she was primarily responsible for its operations and products. Since March 2005, she has been working at China Europe International Business School (中歐國際工商學院). In March 2005, she was appointed as director of admissions and career services of the Masters of Business Administration programme, and was primarily responsible for student admissions, programme operations, graduate employment and career development. In May 2017, she was appointed as director of the president's office. From May 2018 to May 2021, she was appointed as assistant to the president, where she was primarily responsible for the overall organisation and management of college activities and relations with the government and educational institutions.

Ms. Li does not hold any past directorships in listed companies in the last three years.

Ms. Li obtained her Bachelor's degree in English from Qufu Normal College (曲阜師範學院), now known as Qufu Normal University (曲阜師範大學) in Shandong in July 1983. Ms. Li obtained her Master's degree in English Literature from Shandong University (山東大學) in Shandong in July 1989. Ms. Li then obtained a Postgraduate diploma in English Language Teaching from the Nanyang Technological University (新加坡南洋理工大學) in Singapore in May 1993. Ms. Li further obtained her third Master's degree in Business Administration from the China Europe International Business School (中歐國際工商學院) in Shanghai in November 2004.

In July 2020, Ms. Li was appointed as a chief supervisor and member of the 4th council of the China Europe International Business School Alumni Association for a term of three years. In April 2023, Ms. Li was appointed as a member of the advisory committee of the China Europe International Business School Alumni Association for a term of four years.

Mr. MA Xingyuan (馬興元), aged 57, will join our Group as an independent non-executive director upon [**REDACTED**], and will be primarily responsible for providing independent advice and judgement to our Board.

Mr. Ma has over 13 years of experience in education. Since September 2012, Mr. Ma has been working as a professor at the School of Bioengineering of the East China University of Science and Technology (華東理工大學).

Mr. Ma does not hold any past directorships in listed companies in the last three years.

Mr. Ma obtained his Bachelor's degree in Veterinary Medicine from Shanxi Agricultural University (山西農業大學) in Shanxi in July 1995. Mr. Ma obtained his Master's degree in Preventative Veterinary Medicine from Shenyang Agricultural University (瀋陽農業大學) in Shenyang in June 1999. Mr. Ma obtained his Doctorate degree in Preventative Veterinary Medicine from the Logistics University of the People's Liberation Army (中國人民解放軍軍需大學) now merged with Jilin University (吉林大學) in Jilin in June 2003.

Directors' Interests in Other Businesses

Apart from interests in our Group, our executive Director, chairman of our Board and president, Mr. Li Zhaoyang, also held certain interests in other businesses. For further details, see "Relationship with our Controlling Shareholders — Other Business or Interests of Our Controlling Shareholders" in this document. However, we do not believe that their interests in such companies would render us incapable of carrying on our business independently from the other companies in which they may hold directorships or interest from time to time.

Save as disclosed, none of our Directors has any interest in any business, apart from the businesses operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

General

Each of our Directors has confirmed that:

(1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 5 February 2026, and understood his/her obligations as a director of a listed issuer;

(2) save as disclosed in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts and Letters of Appointment" in Appendix VI to this document, he/she does not have any existing or proposed service contract with our Company other than contracts expiring or determinable by the relevant member of our Company within one year without payment of compensation (other than statutory compensation);

(3) save as disclosed in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document, he/she has no interest in the Shares within the meaning of Part XV of the SFO;

(4) save as disclosed above, he/she has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as at the Latest Practicable Date;

(5) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any other Directors, Supervisors, senior management or substantial shareholders of our Company; and

(6) save as disclosed above, he/she did not complete his/her education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed:

(1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

Save as disclosed in this document, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

(1) there is no other matter with respect to the appointment of our Directors that needs to be brought to the attention to our Shareholders as at the Latest Practicable Date; and

(2) there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

SUPERVISORS

Our Supervisory Committee consists of three Supervisors. Pursuant to our Articles of Association, at least one-third of our Supervisors must be employee representatives selected by our employees. Except for the employee representative Supervisor, the other Supervisors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The table below sets out certain information of our Supervisors:

Name	Age	Position(s)	Date of appointment as Supervisor	Date of joining our Group	Role and responsibilities	Relationship with other Directors, other Supervisors and senior management
Mr. QIAO Yanliang (喬彥良) . .	63	Chief Supervisor	7 August 2020	1 January 2002	Primarily responsible for supervising and overseeing our Board	None
Mr. LIU Chunguo (劉春國) . .	47	Supervisor	4 February 2026	12 August 2020	Primarily responsible for supervising and overseeing our Board	None
Ms. XU Li (徐麗)	35	Employee Supervisor	2 August 2023	3 November 2020	Primarily responsible for overseeing our Group's corporate governance compliance related work	None

Mr. QIAO Yanliang (喬彥良), aged 63, joined our Group in January 2002 as a technical director and was appointed as a Supervisor in August 2020. He has also served as a supervisor of Shandong Haili since April 2023 and of Qingdao Sinder since October 2023.

Mr. Qiao has extensive experience in the animal health industry. Upon joining the Group, he was appointed as the director of our Company's R&D centre and concurrently as technical director, where he was primarily responsible for the R&D of veterinary chemical and drug formulations and biological products. From December 2017 to December 2022, he served as the director of research and development and production for veterinary drugs and environmental protection products, where he was primarily responsible for the R&D of veterinary chemical and drug formulations and biological products. From December 2017 to February 2019, he was also the general manager at Zhucheng Industrial Park Production Base* (諸城工業園生產基地), where he was primarily responsible for the daily operations of the production base. Since January 2023, he has been serving as our Company's R&D consultant, where he is primarily responsible for the promotion of key R&D projects across our Group.

Mr. Qiao does not hold any past directorships in listed companies in the last three years.

Mr. Qiao obtained his Bachelor's degree in Veterinary Medicine from Laiyang Agricultural College (萊陽農學院), now known as Qingdao Agricultural University (青島農業大學) in Shandong in July 1983. Mr. Qiao also obtained his Master's degree in Veterinary Surgery from the Veterinary University of the Chinese People's Liberation Army (中國人民解放軍獸醫大學) in Jilin in August 1986. Mr. Qiao obtained his Doctorate degree in Preventive Veterinary Medicine from the China Agricultural University (中國農業大學) in Beijing in July 2000. Besides, Mr. Qiao was appointed as associate researcher by the General Political Department of the People's Liberation Army (中國人民解放軍總政治部) in December 1996.

Mr. LIU Chunguo (劉春國), aged 47, joined our Group in August 2020 as a research and development personnel.

Mr. Liu has 21 years of experience in the animal health industry. Prior to joining the Group, from July 2004 to July 2020, he worked at the Harbin Veterinary Research Institute of the Chinese Academy of Agricultural Sciences (中國農業科學院哈爾濱獸醫研究所), the first veterinary medicine research institute in the PRC. During his time there, he worked at the Animal Influenza Centre* (動物流感中心) as research intern between July 2004 to December 2007, and as assistant researcher from January 2008 to August 2013. Thereafter, he worked at the Zoonosis of Natural Origin Team* (自然疫源性人獸共患病團隊) from September 2013 to March 2017 as assistant researcher, and then from April 2017 till July 2020 as assistant researcher at both the Animal Pathogen Structure and Bioinformatics Research Team* (動物病原結構與生物信息研究團隊) and National Animal Disease Data Center* (國家動物疫病數據中心). Upon joining our Group in August 2020, he worked as a R&D personnel, where he was primarily responsible for engaging in the R&D of avian influenza vaccines. Since August 2021, he worked as head of inspection department, where he was primarily responsible for engaging in the R&D of low-pathogenic avian influenza vaccines and animal disease detection, as well as the operations and management of accredited laboratories under the China National Accreditation Service.

Mr. Liu does not hold any past directorship in listed companies in the last three years.

Mr. Liu obtained his Bachelor's degree in Veterinary Medicine from the Heilongjiang Bayi Agricultural University (黑龍江八一農墾大學) in July 2000. He obtained his Master's degree in Preventative Veterinary Medicine from the Graduate School of Chinese Academy of Agricultural Sciences (中國農業科學院研究生院) in July 2004. He further obtained his Doctorate's degree in Preventative Veterinary Medicine from the Graduate School of Chinese Academy of Agricultural Sciences (中國農業科學院研究生院) in July 2012.

Ms. XU Li (徐麗), aged 35, joined our Group in November 2020 as a securities specialist, and was appointed as an employee Supervisor on 2 August 2023. She has also served as a supervisor of Qingdao Xingfu since October 2025. Her main responsibilities are to safeguard the rights and interests of employees through overseeing our Company's operational management activities.

Ms. Xu has more than 9 years of experience in operational work. Before joining our Group, she worked at Shandong Meichen Ecology & Environment Co., Ltd* (山東美晨生態環境股份有限公司) from October 2017 to October 2020. From October 2017 to June 2018, she served as a staff member in the General Manager's Office where she was primarily responsible for organising company-wide events, employee benefits and handling employee requests. From July 2018 to October 2020, she worked as a bookkeeper in the Logistics Department, where she was primarily responsible for the registration work of the delivery of goods from suppliers, warehousing of semi-finished products and accounts related work.

Ms. Xu does not hold any past directorships in listed companies in the last three years.

Ms. Xu obtained her Bachelor's degree in Law from Dezhou University (德州學院) in Shandong in June 2015.

General

During the Track Record Period and up to the Latest Practicable Date, each of our Supervisors has confirmed that:

(1) save as disclosed above, he/she does not hold and has not held any other positions in our Company and any other members of our Group as at the Latest Practicable Date;

(2) other than being a Supervisor of our Company, he/she does not have any relationship with any Directors, any other Supervisors, any senior management or substantial Shareholders of our Company or Controlling Shareholders;

(3) save as disclosed above, he/she does not hold and has not held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as at the Latest Practicable Date; and

(4) save as disclosed above, he/she did not complete his/her education programs as disclosed in this section by way of attendance of long-distance learning or online courses.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of the business of our Company. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. LI Zhaoyang (李朝陽) . .	58	Executive Director, chairman of our Board and president	2 April 1999	2 April 1999	Primarily responsible for overseeing overall management, business operation, and strategies of our Group	None

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. DONG Tao (董濤) .	51	Executive Director, chief financial officer and executive vice president	7 August 2020	1 May 2005	Primarily responsible for the organisational development, financial management and assisting the president of our Company in our daily operations	None
Mr. LOU Zongliang (婁宗亮) . .	58	Executive Director and vice president	7 September 2007	2 April 1999	Primarily responsible for the overall operations of Taikefeng	None
Mr. SONG Chengchao (宋誠超) . .	42	Executive Director and vice president	2 August 2023	1 April 2022	Primarily responsible for the international business segment of our Company, animal health services for pets and the management, business and strategies of our Group	None
Ms. ZHENG Shuwen (鄭舒文) . .	46	vice president, secretary to our Board and joint company secretary	15 October 2024	18 June 2024	Primarily responsible for overseeing the Group's company secretarial affairs, the policy research department, the legal affairs department and government relations	None
Mr. GUO Lei (郭磊)	52	financial director	2 August 2023	1 July 2005	Primarily responsible for overseeing the financial operations of our Group, including the subsidiaries in relation to capital, budget and cost management, and tax planning	None
Mr. CUI Guangchao (崔廣超) . .	43	executive vice president	1 August 2020	1 July 2003 *(Note)*	Primarily responsible for overseeing our Group's marketing strategies and management systems	None
Mr. MIN Xiangping (閔祥平) . .	52	vice president	7 August 2020	1 February 2013	Primarily responsible for overseeing our Group's marketing and product line management	None

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. REN Guoxin (任國鑫) . .	48	vice president	7 August 2023	11 June 2012	Primarily responsible for overseeing the manufacturing centres of the group, as well as the overall operational management of Beijing Sinder	None
Mr. SONG Qingqing (宋慶慶) . .	41	director of research and development	8 May 2024	1 August 2023	Primarily responsible for overseeing the development and certification of new products, optimisation of current products and post-sales technical support services	None
Mr. PEI Guangqing (裴廣慶) . .	44	director of human resources	21 March 2025	17 March 2025	Primarily responsible for managing human resources-related operations, aligning human resources planning with strategic requirements, and supporting staffs	None

Note: Mr. CUI Guangchao joined our Group in July 2003 and served in our Group until 2019, and subsequently returned to our Group in August 2020.

The following sets forth the biographies of our senior management:

Mr. LI Zhaoyang (李朝陽), is an executive Director, the chairman of our Board, our president, and one of our Controlling Shareholders. For further details, see "Board of Directors — Executive Directors" in this section.

Mr. DONG Tao (董濤), is an executive Director, chief financial officer and executive vice president. For further details, see "Board of Directors — Executive Directors" in this section.

Mr. LOU Zongliang (婁宗亮), is an executive Director and vice president. For further details, see "Board of Directors — Executive Directors" in this section.

Mr. SONG Chengchao (宋誠超), is an executive Director and vice president. For further details, see "Board of Directors — Executive Directors" in this section.

Ms. ZHENG Shuwen (鄭舒文), aged 46, joined our Group in June 2024 and was appointed as vice president and secretary to our Board in October 2024. She has been appointed as a joint company secretary of our Company with effect from January 2026. Her main responsibilities are to oversee the Group's company secretarial matters, relations with government departments, the policy research department and the securities and legal department.

Ms. Zheng has extensive experience in management. Before joining our Group, she was the deputy general manager at Shandong Sansha Group Co., Ltd* (山東桑莎製衣集團有限公司) from May 2018 to July 2020, where she was primarily responsible for assisting the chairman of the board in managing the Audit Department, Finance Department, the advancement of major company projects, the coordination of financial, tax and customs matters for the company's operations in Cambodia and other relevant duties. From July 2020 to April 2021, she served as the assistant to the chairman of the board at Shandong Meichen Industrial Group Co., Ltd* (山東美晨工業集團有限公司), where she was primarily responsible for overseeing the company's information technology department, the implementation of the ERP system and other corporate digitalisation initiatives. From May 2021 to June 2024, she served as the chief financial officer at Shandong Meichen Technology Group Co., Ltd* (山東美晨科技集團股份有限公司財務總監) where she was primarily responsible for overseeing the finance department, and taking overall responsibility for the corporate financial management of the company. At the same time, she also served as deputy general manager at Shandong Meichen Industrial Group Co., Ltd* (山東美晨工業集團有限公司), where she was primarily responsible for overseeing the finance department and information technology department.

Ms. Zheng does not hold any past directorships in listed companies in the last three years.

Ms. Zheng obtained her Bachelor's degree in Law from the Shandong Provincial Party School of the Communist Party of China (中共山東省委黨校) in Shandong in December 2007. Besides, Ms. Zheng was certified as a company secretary by the Shanghai Stock Exchange (上海證券交易所) in May 2016. Ms. Zheng became a non-practising member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in May 2021. In April 2024, Ms. Zheng became a non-practicing member of the China Appraisal Society (中國資產評估協會).

Mr. GUO Lei (郭磊), aged 52, joined our Group in July 2005 as an accountant. He was appointed as the financial director in August 2023. His main responsibilities are to oversee the financial operations of the Group, including the subsidiaries in relation to capital, budget and cost management, and tax planning.

Mr. Guo has over 20 years of experience in accountancy and financial management. Upon joining the Group in July 2005, he worked as an accountant until August 2008. In September 2008, he was appointed as the financial manager. In December 2019, he was appointed as the financial general manager.

Mr. Guo does not hold any past directorships in listed companies in the last three years.

Mr. Guo obtained his Bachelor's degree in Accounting from Weifang University (濰坊學院) in Shandong in 2018. Besides, Mr. Guo obtained a mid-level accountancy certification by the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) in May 2007.

Mr. CUI Guangchao (崔廣超), aged 43, joined our Group in July 2003 as operations manager. He was appointed as executive vice president in August 2023. His main responsibilities are to oversee our Group's marketing strategies and management systems.

Mr. Cui has over 22 years of experience in the animal health industry. He was appointed as operations manager of our Company in July 2003, and as regional manager in January 2006. In January 2009, he was appointed as the general manager of the poultry division of our Company. From June 2019 to August 2020, he worked as vice president and general manager at Huapai Biotechnology (Group) Co., Ltd* (華派生物工程有限公司), a company principally engaged in the research, development and production of veterinary biological products, and he

was primarily responsible for its overall operations, including production, quality supervision and marketing. He returned to our Group in August 2020 and was appointed as vice president, and is primarily responsible for our Company's sales management in various business segments.

Mr. Cui does not hold any past directorships in listed companies in the last three years.

Mr. Cui obtained his Bachelor's degree in Veterinary Medicine from the Laiyang Agricultural College (萊陽農學院), now renamed as Qingdao Agricultural University (青島農業大學) in Shandong in July 2003. Mr. Cui obtained his Master's degree in Business Administration from Xiamen University (廈門大學) in Fujian in December 2024.

Mr. MIN Xiangping (閔祥平), aged 52, joined our Group in February 2013 as vice president of marketing in Beijing Sinder. Since August 2020, Mr. Min was appointed as vice president and his main responsibilities are to oversee our Group's marketing and production management.

Mr. Min has over 20 years in the animal health industry. From June 2005 to February 2013, he worked as a regional manager, product manager, and marketing manager at Bayer (Sichuan) Animal Health Co., Ltd* (拜耳(四川)動物保健有限公司), a company principally engaged in developing and manufacturing veterinary pharmaceuticals and animal health products, where he was primarily responsible for marketing and product line management. Upon joining our Group, he worked as vice president of marketing of Beijing Sinder from February 2013 to October 2013. From November 2013 to October 2015, he worked as general manager of the poultry division of the Group. From November 2015 to October 2019, he worked as director of livestock operations.

Mr. Min does not hold any past directorships in listed companies in the last three years.

Mr. Min obtained his Bachelor's degree in Veterinary Medicine from the Northeast Agricultural University (東北農業大學) in Heilongjiang in July 1999. Mr. Min obtained his Master's degree in Veterinary Medicine from China Agricultural University (中國農業大學) in Beijing in December 2016. Besides Mr. Min was certified as a licensed veterinarian by the Shandong Provincial Animal Husbandry and Veterinary Bureau (山東省畜牧獸醫局) in April 2018.

Mr. REN Guoxin (任國鑫), aged 48, joined our Group in June 2012 as director of productions in Beijing Sinder and currently serves as its director and manager. Since August 2023, he was appointed as vice president of our Company and his main responsibilities are to oversee the manufacturing centres of the Group, as well as the overall operational management of Beijing Sinder.

Mr. Ren has 14 years of experience in the animal health industry. Upon joining our Group, he served as director of productions at Beijing Sinder from June 2012 to December 2013 where he was primarily responsible for production management of veterinary biological products. From January 2014 to October 2017, he served as the deputy general manager of Beijing Sinder, where he was primarily responsible for production, procurement and other related management tasks. In November 2017, he was appointed as the general manager of Beijing Sinder, where he was primarily responsible for the overall operational management.

Mr. Ren does not hold any past directorships in listed companies in the last three years.

Mr. Ren obtained his Bachelor's degree in Veterinary Medicine from the Northeast Agricultural University (東北農業大學) in Heilongjiang in July 2001. Mr. Ren obtained his Master's degree in Veterinary Medicine from the China Agricultural University (中國農業大學) in Beijing in December 2012. Besides, Mr. Ren was certified as a mid-level and associate senior-level Veterinarian by the Beijing Municipal Bureau of Human Resources and Social Security (北京市人力資源和社會保障局) in November 2020 and October 2025 respectively.

Mr. SONG Qingqing (宋慶慶), aged 41, joined our Group in August 2023, and was appointed as a director of research and development in May 2024. His main responsibilities are to oversee the development and certification of new products, optimisation of current products and post-sales technical support services.

Mr. Song has over 12 years of experience in the animal health industry. Prior to joining our Group, he worked as director of research and development in Yangzhou Youbang Biopharmacy Co., Ltd* (揚州優邦生物藥品有限公司) from January 2014 to July 2023, where he was primarily responsible for the development, registration and certification of new products and processes.

Mr. Song does not hold any past directorships in listed companies in the last three years.

Mr. Song obtained his Bachelor's degree in Veterinary Medicine from Shandong Agricultural University (山東農業大學) in Shandong in July 2008. Mr. Song obtained his Doctorate degree in Veterinary Medicine from Yangzhou University (揚州大學) in Yangzhou in June 2013. Besides, Mr. Song was certified as senior veterinarian by the Qingdao Municipal Senior Review Committee for Agricultural Technical Professional Titles* (青島市農業技術職務資格高級評審委員會) in November 2024.

Mr. PEI Guangqing (裴廣慶), aged 44, joined our Group in March 2025 as a director of human resources. His main responsibilities are to manage human resources-related operations, align human resources planning with strategic requirements and to support the staff.

Mr. Pei has over 17 years of experience in human resources-related operations. Prior to joining our Group, he worked at Shandong New Time Pharmaceutical Co., Ltd* (山東新時代藥業有限公司) in the pilot plant from September 2008 to September 2018, and as human resources manager from September 2018 to April 2024, where he was primarily responsible for production, research and management work. From May 2024 to August 2024, he served as director of human resources in Linuo Group Holding Co., Ltd* (力諾集團股份有限公司), where he was primarily responsible for the overall human resources functions of the company, from organisation and talent development, to employee incentives and relations.

Mr. Pei does not hold any past directorships in listed companies in the last three years.

Mr. Pei obtained his Master's Degree in Microbiology from the Henan Agricultural University (河南農業大學) in Henan in June 2008. Besides, Mr. Pei was certified as a Senior Engineer in Pharmaceutical Technology (高級工程師(藥品技術)) by the Linyi Municipal Human Resources and Social Security Bureau* (臨沂市人力資源和社會保障局) in November 2023. Mr. Pei was further qualified as a Human Resources Management Professional (人力資源管理師) by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in November 2025.

General

During the Track Record Period and up to the Latest Practicable Date, each of our senior management members has confirmed that:

(1) save as disclosed above, he/she does not hold and has not held any other positions in our Company and any other members of our Group as at the Latest Practicable Date;

(2) other than being a member of our Company's senior management, he/she does not have any relationship with any Directors, Supervisors, any other senior management or substantial Shareholders of our Company or Controlling Shareholders;

(3) save as disclosed above, he/she does not hold and has not held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as at the Latest Practicable Date; and

(4) he/she did not complete his/her education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Ms. ZHENG Shuwen (鄭舒文) is currently the secretary to our Board and has been appointed as a joint company secretary with effect from January 2026. Ms. Zheng is a vice president and the secretary of the Board of our Company. For the biography of Ms. Zheng, see "Senior Management" in this section.

Ms. CHIANG Hiu Hung (江曉紅) has been appointed as a joint company secretary of our Company in August 2026 with effect from the [**REDACTED**]. Ms. Chiang is one of the joint company secretaries of our Company. Ms. Chiang is currently an assistant manager of corporate secretarial services at Tricor Services Limited. Ms. Chiang has over 5 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Chiang is a Chartered Secretary, a Chartered Governance Professional, and a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SENIOR MANAGEMENT

Expired Ban imposed by AFLC(PSD)

On 17 April 2022, the Air Force Logistics Command-Procurement and Supply Department* (空軍後勤採購供應局) of the PRC (the "**AFLC(PSD)**") published a penalty announcement on our Company, Mr. Li Zhaoyang (as our legal representative) and a product manager of our business department (as the authorised representative of the bid) (the "**Relevant Employee**") (the "**Decision**"). Pursuant to the Decision, our Company and entities controlled or managed by Mr. Li Zhaoyang (as legal representative of our Company) were prohibited from participating in military procurement activities and the Relevant Employee was prohibited from acting as a representative for suppliers in such activities for a three-year period with effect from 17 April 2022 (the "**Three-year Ban**") due to our suspected participation in a collusive bidding with four other companies (the "**Relevant Parties**") during military's procurement for livestock and poultry epidemic prevention solutions (the "**Subject Procurement Activity**"). Among the four Relevant Parties, two of them were suppliers of our Group and one of them was a customer of our Group at the relevant time, all of whom are Independent Third Parties.

Based on our internal investigation, we identified that the Decision arose from an unauthorised, isolated information-sharing incident on an individual initiative by the Relevant Employee who shared an electronic version of our Company's non-sensitive template tender documents which contained typographical errors in service provisions. The similarities of typographical errors and the service provisions shown in the tender documents of the bidders was interpreted by AFLC(PSD) as evidence of collusion. As at the Latest Practicable Date, the Relevant Employee remained as an employee of our Group.

According to our PRC Legal Adviser, (i) the Three-year Ban imposed by AFLC(PSD) only restricts our participation in the military procurement system, which does not constitute an administrative penalty imposed on us, Mr. Li Zhaoyang (as our legal representative) and the Relevant Employee under any applicable PRC law; and (ii) the imposition of the Three-year Ban on Mr. Li Zhaoyang was mainly by virtue of Mr. Li Zhaoyang's position as legal representative of our Company and does not amount to a finding that Mr. Li Zhaoyang personally committed in any unlawful or criminal conduct in connection with the Subject Procurement Activity, and its imposition does not constitute a material violation of any applicable PRC laws or regulations, and will not have a material adverse impact on our ordinary course of business operations or our proposed [**REDACTED**]. The competent authority responsible for the administration of military procurement qualification matters also

confirmed that (i) the Three-year Ban was imposed pursuant to its relevant internal rules based on its identification of the similarities of typographical errors and the service provisions shown in tender documents of our Company and the Relevant Parties; (ii) the relevant evidence did not reveal any circumstances in which our legal representative, Directors or senior management of our Company had led, directed or instigated any collusive bidding in connection with the Subject Procurement Activity; and (iii) our Company and entities controlled or managed by Mr. Li Zhaoyang have been eligible to participate in military procurements since the expiration of the Three-year Ban.

As our Group from time to time participates in tendering activities in the ordinary course of our business, in order to avoid recurrence of such incident, we have implemented enhanced internal control measures including, among others, (i) require hierarchical review and clearance from our relevant functional departments, with all military-related (if any) and government procurement projects requiring written approval from our senior management; (ii) implement tracking system for all digital tender documents with user-specific and dynamic digital watermarks; (iii) require all involved employees to make anti-collusion and conflict of interest declarations; and (iv) provide continuous legal training for employees per quarter and maintain independent audit oversight via periodic independent compliance checks and routine follow-up audits. The Internal Control Consultant conducted a review of our bidding management procedures and a follow-up review of the enhanced internal control measures, and did not identify any material deficiency in respect of our bidding management procedures. As at the Latest Practicable Date, no similar incident had occurred. Based on the foregoing, our Directors considered, and the Internal Control Consultant concurred, that the aforementioned enhanced internal control measures are adequate and effective to prevent recurrence of such bidding incident if implemented strictly and consistently.

Our Directors are of the view, and the Sole Sponsor concurs, that the Decision does not negatively affect our Company's suitability for [**REDACTED**] under Rule 8.04 of the Listing Rules nor the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules on the basis that:

(i) our Directors and senior management of our Company only became aware of any sharing of our Company's tender document template with the Relevant Parties concerned during the internal investigation conducted after the Decision was received by us. None of the Controlling Shareholders, Directors or senior management of our Company were involved in the matters leading to the Decision, nor have they engaged in any conduct that would call into question their integrity, honesty or suitability to serve as Directors or senior management of our Company;

(ii) each of Mr. Li Zhaoyang and the Relevant Employee confirmed that he/she had not received any enquiry or request, nor had he/she been subject to any investigation by any regulatory authority as at the Latest Practicable Date;

(iii) as advised by the PRC Legal Adviser mentioned above, the Three-year Ban does not amount to an administrative penalty imposed on our Company under the PRC law, and its imposition does not constitute a material violation of any applicable PRC laws or regulations, and will not have a material adverse impact on our ordinary course of business operations or our proposed [**REDACTED**];

(iv) based on the confirmation from the competent authority mentioned above, the imposition of the Three-year Ban does not constitute an administrative determination of Mr. Li Zhaoyang's personal integrity as dishonest, nor do they amount to a finding that Mr. Li Zhaoyang engaged in any unlawful or criminal conduct;

(v) the Decision has not had nor is expected to have material adverse impact on our Group's ability to participate in future tendering activities organised by other government authorities in the PRC; and

(vi) our implementation of the enhanced internal control measures, following which, no other similar incidents (including any actual or potential misconducts during our Group's tendering and bidding process) have occurred or been identified, nor have we received any complaints or notifications of any such similar incidents during the Track Record Period and up to the Latest Practicable Date.

COMPLIANCE ADVISER

We have appointed Zhongtai International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual [**REDACTED**] and [**REDACTED**] or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, our Compliance Adviser will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the [**REDACTED**] and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the [**REDACTED**].

BOARD COMMITTEES

In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, we have established the following committees on our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee (effective from the [**REDACTED**]) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. TANG Waiyau (鄧維祐), Ms. LI Yuanyuan (李瑗瑗) and Mr. SHAN Yong (單勇), with Mr. TANG Waiyau (鄧維祐) serving as the chairperson. Mr. TANG Waiyau (鄧維祐) holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which include, but are not limited to, the following:

- to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The audit committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

- to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed;

- liaising between our internal audit department and external auditors;

- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, effectiveness and implementation and making recommendations to our Board;

- reviewing our financial information, financial reports and statements and related disclosures; and

- other duties conferred by our Board.

Remuneration Committee

We have established a remuneration committee (effective from the [**REDACTED**]) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Ms. LI Yuanyuan (李瑗瑗), Mr. TANG Waiyau (鄧維祐) and Mr. DONG Tao (董濤), with Ms. LI Yuanyuan (李瑗瑗) serving as the chairperson.

The primary duties of the Remuneration Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include, but are not limited to, the following:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;

- determining the terms of the specific remuneration package of each Director and members of senior management;

- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

- to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

- to ensure that no director or any of their associates is involved in deciding that director's own remuneration;

- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by our Board.

Nomination Committee

We have established a nomination committee (effective from the [**REDACTED**]) with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. LI Zhaoyang (李朝陽), Ms. LI Yuanyuan (李瑗瑗) and Mr. MA Xingyuan (馬興元), with Mr. LI Zhaoyang (李朝陽) serving as the chairperson.

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of our Directors which include, but are not limited to, the following:

- reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a board skills matrix, and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors, in particular the chairman and the president;
- supporting our Company's regular evaluation of our Board's performance; and
- other duties conferred by our Board.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders.

Corporate Governance Code

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Part 2 of the Corporate Governance Code after the [**REDACTED**] except for code provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and president should be separate and should not be performed by the same individual.

The roles of chairperson of our Board and president of our Company are currently performed by Mr. Li Zhaoyang. In view of Mr. Li Zhaoyang's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Li Zhaoyang acting as both our chairperson of our Board and president will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Mr. Li Zhaoyang continues to act as both our chairperson of our Board and president after the [**REDACTED**], and therefore currently do not propose to separate the functions of

chairperson of our Board and president. While this would constitute a deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) there are sufficient checks and balances in our Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Li Zhaoyang and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether the separation of the roles of chairperson of the Board and president is necessary.

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to animal health solutions and business management. They obtained degrees in various majors including Veterinary Medicine and Commerce. Furthermore, our Board has a relatively wide range of ages, ranging from 41 years old to 61 years old, and consists of 8 male members and 1 female member.

Our Company has reviewed the membership, structure and composition of our Board, and is of the view that the structure of our Board satisfies the Board Diversity Policy, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation. Furthermore, the Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Company will, among others, (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in our annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPENSATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Our Company offers our executive Directors, Supervisors and senior management members, who are also employees of our Company, emolument in the form of salaries, bonuses, allowances, benefits in kind and pension scheme contributions. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

The aggregate amount of remuneration which were paid or payable to our Directors and Supervisors recorded for FY2023, FY2024, FY2025 and 5M2026 were approximately RMB3.7 million, RMB3.8 million, RMB3.6 million and RMB1.7 million, respectively.

It is estimated that the aggregate amount of remuneration (excluding any possible payment of discretionary bonuses) payable to our Directors and Supervisors in respect of the financial year ending 31 December 2026 would be approximately RMB3.7 million under arrangements in force as at the date of this document.

For FY2023, FY2024, FY2025 and 5M2026, there were one, nil, nil and nil Director among the five highest paid individuals respectively. The aggregate amount of remuneration which were paid or payable to the five highest paid individuals who are neither a Director nor Supervisor recorded for FY2023, FY2024, FY2025 and 5M2026 were approximately RMB3.9 million, RMB8.0 million, RMB6.9 million and RMB4.6 million, respectively.

During the Track Record Period and up to the Latest Practicable Date, no remuneration was paid to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join, or upon joining our Group, or as a compensation for loss of office in the Track Record Period. Further, none of our Directors and Supervisors waived or agreed to waive any emoluments during the same period.

Except as disclosed above, no other payment has been paid, or is payable, by our Company to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period and up to the Latest Practicable Date.

For additional information on remuneration of Directors and Supervisors during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants' Report set out in Appendix I to this document.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Li Zhaoyang, was able to exercise approximately 45.08% voting rights in our Company, through (i) 34,270,874 Shares directly held by him, and (ii) 25,199,100 Shares held by Intime International. Intime International is a company incorporated in the British Virgin Islands with limited liability, and is wholly owned by Hong Kong Sinder, which in turn is wholly owned by Mr. Li Zhaoyang.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Li Zhaoyang, together with Intime International and Hong Kong Sinder, will be entitled to exercise approximately [**REDACTED**]% of the voting rights in our Company. Therefore, Mr. Li Zhaoyang, Intime International, and Hong Kong Sinder will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

Intime International and Hong Kong Sinder are investment holding vehicles with no substantive business activities. For the background and biographical details of Mr. Li Zhaoyang, see "Directors, Supervisors and Senior Management" in this document.

OUR RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Principal Business

Founded in 1999, we are an animal health company in the PRC. We primarily engage in R&D, production and sales of a comprehensive range of animal health and ancillary products including veterinary biological products (such as vaccines, antibodies, transfer factors etc.), traditional Chinese veterinary medicines, chemical and drug formulation, animal feed and feed additives to achieve the prevention, diagnosis, and treatment and control of diseases in poultry, livestock, aquatic animals and pets.

Other Business or Interests of Our Controlling Shareholders

Mr. Li Zhaoyang engages in and invests in other businesses through Zhucheng Xinde Investment Co., Ltd.* (諸城市信得投資有限公司), Weifang Hengshun Investment Partnership (Limited Partnership)* (濰坊恒舜投資合夥企業(有限合夥)) ("**Weifang Hengshun**"), Shandong Zhonghe Guocai Advanced Manufacturing Co., Ltd.* (山東中和國材先進製造有限公司), Shenzhen Feidijishi Venture Capital Management Partnership (Limited Partnership)* (深圳飛迪基石創業投資管理合夥企業(有限合夥)), and Qingaochuang (Shandong) Consulting Co., Ltd.* (禽高創(山東)諮詢有限公司), all being investment holding companies.

As at the Latest Practicable Date, Mr. Li Zhaoyang, through his investment holding vehicle Weifang Hengshun, was interested in approximately 34.95% of the equity interests in Shandong Chongzhiyoupin, which in turn wholly owned Qingdao Youchong Pet Food Limited* (青島優寵寵物食品有限公司) ("**Qingdao Youchong**"). Weifang Hengshun is an investment holding vehicle whose general partner is Mr. Li Zhaoyang and is held as to 50.00% by Mr. Li Zhaoyang and 50.00% by Ms. Li Qingwan, the daughter of Mr. Li Zhaoyang. As our executive Director and chairman of our Board, Mr. Li Zhaoyang is primarily responsible for overseeing the overall management, business operation, and strategies of our Group. Mr. Li Zhaoyang does not hold any management position in Shandong Chongzhiyoupin and Qingdao Youchong, in which his role as a shareholder and investor is passive in nature and limited to capital and matters at the shareholder level which does not extend to day-to-day operations. Accordingly, with clear division of responsibilities, Mr. Li Zhaoyang is able to devote his principal time and attention to our Group.

As at the Latest Practicable Date, there was no overlap of directors, senior management or other key employees between our Group and Shandong Chongzhiyoupin and Qingdao Youchong.

There is a clear delineation of business between our Group (on the one hand) and Shandong Chongzhiyoupin and Qingdao Youchong (on the other hand) based on the following grounds:

Our Group is principally engaged in the research, development, manufacture and sale of veterinary pharmaceutical products within the animal health and biotechnology industry, serving veterinarians, farms and distributors of animal health products. Further, we primarily operate within the animal health and biotechnology industry. We invest R&D to develop proprietary technologies and manufacturing processes to ensure that our veterinary pharmaceutical products meet regulatory standards and address the prevention, diagnosis and treatment of animal diseases. Our model is built around close collaboration with veterinarians and poultry and livestock farms, enabling us to provide tailored solutions. In addition, our Group's animal feed and feed additives segment focuses on serving animal farming and breeding businesses, which is mainly targeted at livestock, poultry and aquatic animals and does not target the pet or pet health market.

By contrast, Shandong Chongzhiyoupin and Qingdao Youchong are focused on the production and sale of pet food products, including freeze-dried staple food and snacks, with its customer base comprising enterprises engaged in the distribution of pet food (the "**Pet Food Business**").

Our Group does not engage in the manufacture or sale of pet food products, while Shandong Chongzhiyoupin and Qingdao Youchong does not engage in the development, manufacture or sale of veterinary pharmaceuticals. Accordingly, the Pet Food Business of Shandong Chongzhiyoupin and Qingdao Youchong can be delineated from our Group's pet health businesses. The table below demonstrates the differences in terms of product types, intended use, targeted animals, business model and sales channels.

Shandong Chongzhiyoupin and Qingdao Youchong	Our Group
Product types	
Pet food and snacks (including freeze-dried pet snacks, complete pet food, dry food, air-dried snacks, and steamed snacks); only a production license is required for production.	Pet medicines and pet health supplements; both new veterinary drug certificates and a Veterinary Drug Production License are required for production.
Intended use	
Provide daily energy and nutrition.	Treatment of pet diseases and dietary supplements to fill nutrient gaps.
Targeted animals	
Companion animals such as cats and dogs.	Companion animals with diseases or are deficient in certain nutrients.
Business model	
OEM/ODM services to pet brands, wholesalers and pet stores.	Direct sales primarily to pet hospitals.
Sales channels	
Pet stores, online e-commerce platforms and livestream channels.	Pet hospitals.

As described above, the business activities of Shandong Chongzhiyoupin and Qingdao Youchong do not overlap or compete with those of our Group, as they operate in fundamentally different business segments.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

Our Board comprises nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders. As at the Latest Practicable Date, save for Mr. Li Zhaoyang, who also serves as a director in Hong Kong Sinder and Intime International, which are also our Controlling Shareholders, there was no overlap of directors, senior management or other key employees between our Group and our Controlling Shareholders and their respective close associates. We believe that such overlap does not affect the management independence of our Company, as our Board and senior management collectively make decisions in the best interests of our Group and are subject to established corporate governance measures, including:

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

(b) our daily management and operation decisions are made by all our executive Directors and senior management, most of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors, Supervisors and Senior Management" in this document;

(c) we have appointed three independent non-executive Directors with a view to bringing independent judgement to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For further details, see "— Corporate Governance Measures" in this section.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specialising in the respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and customers, and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

During the Track Record Period, Mr. Li Zhaoyang, our Controlling Shareholder, provided guarantees for our loans from different banks and financial institutions. As at 31 May 2026, we had total interest-bearing bank and other borrowings of approximately RMB222.4 million guaranteed by Mr. Li Zhaoyang.

It is a common practice in the PRC for banks to request controlling shareholders to provide guarantees for private companies when seeking financing. Notwithstanding the above, our Directors believe that our Company is financially independent of, and that our Company operates our finances independently from, our Controlling Shareholders and their associates for the following reasons:

(i) during the Track Record Period and up to the Latest Practicable Date, we are able to secure financing based on our stand-alone credit and have also borrowed from banks and financial institutions without financial assistance from our Controlling Shareholders. As set out in Note 23 to the Accountants' Report, we had total interest-bearing bank and other borrowings of approximately RMB568.6 million as at 31 May 2026, of which approximately RMB222.4 million were supported by guarantees provided by Mr. Li Zhaoyang while the rest of the loans are not relying on our Controlling Shareholders. This demonstrated our ability to secure financing independently. With our continuous effort of communication with banks and financial institutions regarding the release of guarantees provided by Mr. Li Zhaoyang and our repayment of loans, our total borrowings with guarantees provided by Mr. Li Zhaoyang reduced to approximately RMB77.1 million as at the Latest Practicable Date, and borrowings of approximately RMB145.3 million previously supported by guarantees provided by Mr. Li Zhaoyang have been released since 31 May 2026;

(ii) as at the Latest Practicable Date, we have obtained letters of intent from a number of relevant banks and financial institutions for providing new loans to our Company without requiring guarantees by our Controlling Shareholders. We will continue to negotiate with the banks and financial institutions to release the guarantees provided by our Controlling Shareholders or obtain new loans without Controlling Shareholders' guarantee prior to [**REDACTED**];

(iii) we expect to complete the repayment or refinancing of all borrowings currently guaranteed by the Controlling Shareholders by or before [**REDACTED**], other than approximately RMB9.4 million as at the Latest Practicable Date (the "**Remaining Borrowings**"). These relate to facilities where guarantees from the Controlling Shareholders cannot be released unless we early repay the outstanding loans in full which is subject to an interest penalty. The Remaining Borrowings represent less than 5% of the Group's interest-bearing bank and other borrowings as at the Latest Practicable Date. Given their immaterial size and the Group's sufficient cash flow and cash reserves (including cash and cash equivalents of RMB112.1 million as at 31 May 2026), the Directors consider that their existence does not affect the Group's financial independence from the Controlling Shareholders; and

(iv) we have been generating strong and positive cash flow from operating activities during the Track Record Period.

Based on the above, our Directors consider that the release of the guarantees by our Controlling Shareholders would not have a material impact on our operation.

Save as disclosed above, our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates had provided any loan, guarantee or pledge to our Group. Our Directors also confirmed that, during the Track Record Period and up to the Latest Practicable Date, our Group did not provide any loan, guarantee or pledge to our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their close associates after the [**REDACTED**].

DEED OF NON-COMPETITION

Mr. Li Zhaoyang has provided a deed of non-competition (the "**Deed of Non-competition**"), pursuant to which Mr. Li Zhaoyang has unconditionally and irrevocably undertaken that he will not, and will use his best endeavors to procure his close associates (except any member of our Group) not to, whether directly or indirectly, as principal or agent either on his/their own account or in conjunction with or on behalf of any person, engage in any business that competes, or is likely to compete, directly or indirectly with our Group (the "**Restricted Business**").

In addition, under the Deed of Non-competition, Mr. Li Zhaoyang unconditionally and irrevocably granted us the option to acquire new business opportunities, options for acquisitions, and pre-emptive rights in respect of the Restricted Business, and has confirmed that he will abstain from voting on any such new business opportunity, option for acquisitions and pre-emptive rights relating to the Restricted Business.

Options for New Business Opportunities

Mr. Li Zhaoyang has unconditionally and irrevocably undertaken in the Deed of Non-competition that he will first offer any investment or other commercial business opportunities in the Restricted Business (a "**New Business Opportunity**") to us in the following manner when such New Business Opportunity becomes available to him:

(a) within 20 Business Days when any New Business Opportunity becomes available to him, he will refer the New Business Opportunity to us and will inform us in writing all information (including but not limited to details of the nature and investment or acquisition cost of such New Business Opportunity) which is necessary and reasonably required for us to consider (i) whether such New Business Opportunity will compete with our business and (ii) whether it is in the interest of our Group to engage in such New Business Opportunity (the "**Offer Notice**");

(b) our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up any New Business Opportunity. Within seven Business Days of receipt of an Offer Notice, we will notify our independent non-executive Directors for their consideration. Our Company shall inform Mr. Li Zhaoyang in writing within 20 Business Days after receipt of the Offer Notice about our decision on whether the New Business Opportunity will be pursued;

(c) Mr. Li Zhaoyang will only be entitled to engage in the New Business Opportunity until the earlier of: (i) the receipt by Mr. Li Zhaoyang of a written notice from us declining the New Business Opportunity, or (ii) our failure to respond within 20 Business Days of our receipt of the Offer Notice; and

(d) if there is any material change in the terms and conditions of the New Business Opportunity after the referral, Mr. Li Zhaoyang shall refer the New Business Opportunity with the revised terms and conditions to us again in the manner as stated above.

Mr. Li Zhaoyang has further unconditionally and irrevocably undertaken that he shall procure his close associates to first offer to us any New Business Opportunity offered to them in accordance with the same procedures as described above.

Options for Acquisition

In relation to any New Business Opportunity which has been offered to but has not been taken up by us, and has been retained by Mr. Li Zhaoyang or any of his close associates, Mr. Li Zhaoyang has granted us the option to purchase any equity interests, assets or other interests which form part of the new business, to the extent such arrangement is not in violation of any applicable laws and regulations, the articles of association, or any contractual arrangements with any third parties. The consideration and other terms for the acquisition of the new business will be determined after arm's length negotiation between Mr. Li Zhaoyang or his close associate(s) (as the case may be) and us. Our independent non-executive Directors will be responsible for regularly reviewing, considering and deciding whether or not to exercise the options for acquisition. Any acquisitions of businesses falling within the scope of the Deed of Non-competition will be conducted in compliance with the requirements under Chapter 14 of the Listing Rules.

Pre-emptive Rights

Mr. Li Zhaoyang has unconditionally and irrevocably undertaken that if he intends to transfer, sell, lease, license or by any other means transfer or grant the right to any New Business Opportunity which has been offered to but has not been taken up by us, and has been retained by him (the "**Proposed Transaction**"), then we shall have the pre-emptive right to be offered the Proposed Transaction on the same terms as, and before or at the same time of, the offer of the Proposed Transaction to any third party, to the extent such arrangement is not in violation of any applicable laws and regulations, the articles of association, or any contractual arrangements with any third parties. Mr. Li Zhaoyang shall notify us of the Proposed Transaction by written notice (the "**Selling Notice**"), to which the terms of the Proposed Transaction and all information reasonably required by us to make a decision on whether or not to exercise our pre-emptive right shall be attached.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise our pre-emptive rights. Within seven Business Days of receipt of a Selling Notice, we will notify our independent non-executive Directors and furnish them with necessary information for their consideration. Our Company shall inform Mr. Li Zhaoyang in writing within 20 Business Days after receipt of the Selling Notice about our decision on whether our Company will exercise the pre-emptive rights. If we decide to exercise our pre-emptive right, the terms will be determined between Mr. Li Zhaoyang and us in accordance with applicable laws and regulations and principles of fairness and reasonableness.

Mr. Li Zhaoyang will only be entitled to engage in the Proposed Transaction with any third party until the earlier of: (i) the receipt by Mr. Li Zhaoyang of a written notice from us declining to exercise the pre-emptive right, or (ii) our failure to respond within 20 Business Days of our receipt of the Selling Notice.

Mr. Li Zhaoyang has further unconditionally and irrevocably undertaken that he shall procure his close associates to first offer to us any Proposed Transaction in accordance with the same procedures as described above.

In order to monitor ongoing compliance with the Deed of Non-competition, we intend to adopt the following measures:

(a) provision to our independent non-executive Directors of any Offer Notice or Selling Notice received within seven Business Days of receipt;

(b) disclosure in our annual reports of the confirmation by Mr. Li Zhaoyang of compliance with the Deed of Non-competition by him, including that all relevant notices and pre-emptive offers have been given to us for all relevant business opportunities; and

(c) disclosure in our annual reports of the findings of our independent non-executive Directors on each Offer Notice or Selling Notice received, and the basis of their decision(s) (where applicable).

The Deed of Non-competition will terminate upon the earlier of:

(a) Mr. Li Zhaoyang and his close associate(s) (except any member of our Group), directly or indirectly, ceasing to hold 30% or more voting rights in aggregate of our total share capital, ceasing to have control the composition of a majority of our Board, or ceasing to be Controlling Shareholders; and

(b) our H Shares no longer being [**REDACTED**] on the Stock Exchange (save for [**REDACTED**] suspension).

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Controlling Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders and their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgement in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

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

(e) we have appointed Zhongtai International Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interests that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [**REDACTED**].

CONNECTED PERSONS

The following entities (i) had entered into transactions with our Group during the Track Record Period; (ii) are having and are expected to continue to have transactions with our Group following the [**REDACTED**]; and (iii) will become connected persons of our Group under the Listing Rules following the [**REDACTED**]:

Connected persons	Background and relationship with our Group
Shandong Chongzhiyoupin . .	As at the Latest Practicable Date, Shandong Chongzhiyoupin is owned by Weifang Hengshun as approximately 34.95%. Weifang Hengshun is in turn owned by Mr. Li Zhaoyang (an executive Director and one of our Controlling Shareholders) and Ms. Li Qingwan (the daughter of Mr. Li Zhaoyang) as to approximately 50.0% and 50.0% as at the Latest Practicable Date. As an associate of Mr. Li Zhaoyang, our connected person, Shandong Chongzhiyoupin will become our connected person under Chapter 14A of the Listing Rules upon the [**REDACTED**].
Qingdao Youchong Pet Food Limited* (青島優寵寵物食品有限公司) ("**Qingdao Youchong**")	As at the Latest Practicable Date, Qingdao Youchong is wholly owned by Shandong Chongzhiyoupin. As an associate of Mr. Li Zhaoyang, our connected person, Qingdao Youchong will become our connected person under Chapter 14A of the Listing Rules upon the [**REDACTED**].
Sumitomo Corporation (together with its subsidaries collectively as, "**Sumitomo Group**")	As at the Latest Practicable Date, Sumitomo Corporation directly held approximately 22.6% interest in our share capital. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Sumitomo Corporation will hold approximately [**REDACTED**]% interest in our share capital, and will therefore be our substantial Shareholder and a connected person.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Sinder Technology Park Property Lease Agreements

We [have entered] into two property lease agreements (the "**Sinder Technology Park Property Lease Agreements**") with Shandong Chongzhiyoupin and Qingdao Youchong on [●] 2026, pursuant to which, we agreed to lease to them premises in Qingdao with a total gross area of approximately 480 sq.m. (the "**Qingdao Leased Premises**") as their offices. Details of the Sinder Technology Park Property Lease Agreements are set out below:

Date of the agreement	Term of the lease	Landlord	Tenant	Location of the premise	Total area	Rental
[●] 2026 .	3 years commencing from [●]	Qingdao Xinde Pharmaceutical Co., Ltd.* (青島信得藥業有限公司)	Shandong Chongzhiyoupin	4th Floor, Building 3, Sinder Technology Park, 355 Songling Road, Laoshan District, Qingdao, Shandong Province, the PRC	372 sq.m.	Fixed base rental fee of RMB26,000 per month (inclusive of VAT)

Date of the agreement	Term of the lease	Landlord	Tenant	Location of the premise	Total area	Rental
[●] 2026	3 years commencing from [●]	Qingdao Xinde Pharmaceutical Co., Ltd.* (青島信得藥業有限公司)	Qingdao Youchong	4th Floor, Building 3, Sinder Technology Park, 355 Songling Road, Laoshan District, Qingdao, Shandong Province, the PRC	108 sq.m.	Fixed base rental fee of RMB7,500 per month (inclusive of VAT)

Our Group [has entered into] the Sinder Technology Park Property Lease Agreements such that our Group can utilise vacant property to generate extra service of income without incurring additional brokerage fees or marketing expenses typically required to secure third-party tenants. During the Track Record Period, our Group has historically leased premises at the same location to Shandong Chonzhiyoupin and Qingdao Youchong, with varying floor areas based on their operational needs. During FY2023, FY2024, FY2025 and 5M2026, the total amount of rental income generated amounted to approximately RMB394,000, RMB378,000, RMB383,000 and RMB160,000, respectively. Our Directors estimate that the fees payable by Shandong Chongzhiyoupin and Qingdao Youchong to us in respect of the Sinder Technology Park Property Lease Agreements will not exceed RMB402,000, RMB402,000 and RMB402,000 for the three years ending 31 December 2028, respectively.

The monthly rents during the leasing term are determined on normal commercial terms after arm's length negotiations between both parties and with reference to: (i) the historical transaction amounts and historical trend of the annual rental during the Track Record Period; (ii) the prevailing market rents of similar properties of comparable size, quality, and age in the same or nearby area or similar locations in the PRC; and (iii) the conditions of the leased premises, including but not limited to its location and the associated facilities. The rents under the Sinder Technology Park Property Lease Agreements are in line with the market rates of properties of comparable size and quality situated in the same locality, which shall be in the best interests of our Company and our Shareholders as a whole.

The premises that were leased under the historical lease agreements during the Track Record Period and to be leased under the Sinder Technology Park Property Lease Agreements to Shandong Chongzhiyoupin and Qingdao Youchong are self-owned properties of our Group with valid ownership certificates which, despite sharing the same general registered address within the Sinder Technology Park, comprises of distinct and separate office units with no overlapping floor area. According to the PRC Legal Adviser, as our Group is the legal owner of the premises, neither the historical lease agreements during the Track Record Period nor the Sinder Technology Park Property Lease Agreements constitute subleasing under PRC law. The PRC Legal Adviser is of the view that the historical lease agreements during the Track Record Period were, and the Sinder Technology Park Property Lease Agreements are, legally binding, comply with all applicable PRC laws and regulations, and do not violate any mandatory provisions of PRC law.

Master product sale framework agreement with Shandong Chongzhiyoupin

On [●] 2026, our Company and Shandong Chongzhiyoupin (for itself and on behalf of its subsidiaries, collectively, the "**Shandong Chongzhiyoupin Group**") [entered into] the master product sale framework agreement, pursuant to which the Shandong Chongzhiyoupin Group will procure eggs from our Group for a term commencing from the [**REDACTED**] to 31 December [2028] (the "**Master Product Sale Framework Agreement**"). Any member of our Group may enter into individual agreement for specific product with any member of the Shandong Chongzhiyoupin Group.

We have been selling eggs, other traditional Chinese veterinary medicines and animal feed and feed additives to the Shandong Chongzhiyoupin Group at reasonable market prices during the Track Record Period; however, the Shandong Chongzhiyoupin Group would only procure eggs from our Group under the Master Product Sale Framework Agreement. Shandong Chongzhiyoupin Group primarily engages in the production of pet food and snacks, and it purchases eggs from us mainly for the extraction and use of egg yolk as an ingredient in its pet food and snack products.

The transactions provide a reliable and efficient channel for us to generate revenue, optimise inventory turnover and improved cash flow. In addition, we are also able to benefit from the geographic proximity of the two entities with both operating within the same industrial premises, which provides significant logistical advantages. Thus, we are of the view that continuous sale of eggs to the Shandong Chongzhiyoupin Group are in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group. During FY2023, FY2024, FY2025 and 5M2026, the sales volume of eggs to the Shandong Chongzhiyoupin Group was approximately 20,100 pieces, 35,680 pieces, 5,080 pieces and 4,890 pieces, respectively, and the average selling price ranged from approximately RMB0.5 to RMB1.0 per piece. The sale of eggs is recorded under the "other ancillary products" business segment of our Group. The total amount incurred by the Shandong Chongzhiyoupin Group in respect of the purchase of our eggs (exclusive of VAT) amounted to approximately RMB19,000, RMB33,000, RMB5,000 and RMB2,000, respectively.

Having considered (i) the historical transaction amounts in relation to eggs for the same years/period during the Track Record Period; and (ii) the price for similar product provided by independent third parties, our Directors estimate that the fees payable by the Shandong Chongzhiyoupin Group to us in respect of the purchase of our products will not exceed RMB193,232, RMB222,230 and RMB255,600 for the three years ending 31 December 2028, respectively. The expected increase reflects the anticipated growth in the volume of eggs to be purchased by the Shandong Chongzhiyoupin Group in line with their anticipated increase in sales of pet food and snack products, while the expected average selling price is expected to remain in line with historical levels.

Master product and service procurement framework agreement with Shandong Chongzhiyoupin

On [●] 2026, our Company and Shandong Chongzhiyoupin [entered into] the master product and service procurement agreement, pursuant to which our Group will procure pet food product and freeze drying service from the Shandong Chongzhiyoupin Group, for a term commencing from the [**REDACTED**] to 31 December [2028] (the "**Master Product and Service Procurement Framework Agreement**"). Any member of our Group may enter into individual agreement for specific product and processing service with any member of the Shandong Chongzhiyoupin Group.

The Shandong Chongzhiyoupin Group has been providing our Group with freeze drying service and pet food product at reasonable fee rate during the Track Record Period. The pet food products are procured primarily for use in our pet product promotional activities and marketing events. Due to the geographical proximity and long-term and stable cooperation relationship between the Shandong Chongzhiyoupin Group and us, we believe the Shandong Chongzhiyoupin Group will provide such services to us in a timely and cost-efficient manner. Thus, we are of the view that continuous procurement of products and services from the Shandong Chongzhiyoupin Group are in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group.

During FY2023, FY2024, FY2025 and 5M2026, the total amount incurred by us to the Shandong Chongzhiyoupin Group in respect of the purchase of pet food products and freeze drying service amounted to approximately RMB145,000, RMB97,000, RMB153,000 and RMB105,000, respectively. Having considered (i) the products and service being procured; (ii) the historical transaction amounts during the Track Record Period; and (iii) the fee rate for similar service provided by independent third parties, our Directors estimate that the fees payable by us to the Shandong Chongzhiyoupin Group in respect of the purchase of products and services will not exceed RMB233,884, RMB268,384 and RMB303,684 for the three years

ending 31 December 2028, respectively. The increase in the expected purchase of products and services is in line with our commitment to further developing our pet health business, which is expected to be accompanied by corresponding increase in promotional activities and marketing events, for which these products and services are used.

Consulting service agreement with Sumitomo Corporation

On [●] 2026, we [entered into] a consulting service agreement with Sumitomo Corporation ("**Sumitomo Framework Agreement**"), pursuant to which Sumitomo Corporation agrees to provide business consulting and promotion services (including but not limited to consultation on trading with overseas clients, business promotion services to support our Group's overseas export of veterinary animal health products, and assessing clients' credit risk). Any member of our Group may enter into individual agreement for specific service with Sumitomo Group.

The Sumitomo Group is principally engaged in the sales of a variety of products and services, import and export, trilateral trade, and domestic and international business investment. The continuation of this structured arrangement provides our Group with ongoing access to the Sumitomo Group's proprietary industry expertise, established global market networks, and specialised strategic insights, which are instrumental in supporting our Group's expansion plans and operational optimisation.

Historical arrangements

The existing arrangements comprise (i) the business consulting service contract dated 31 March 2016 (the "**2016 Consulting Service Agreement**"); and (ii) the service agreement dated 6 August 2024 for business promotion services provided by the Sumitomo Group for our sales of veterinary animal health products to Uzbekistan (the "**Business Promotion Service Agreement**").

Under the 2016 Consulting Service Agreement, the Sumitomo Group provided consulting services across financial management, operational matters, customer credit risk, internal controls and overseas business activities to our Group, for a fixed quarterly service fee.

We further entered into the Business Promotion Service Agreement with Sumitomo Group in 2024, pursuant to which the Sumitomo Group provided business promotion and supporting services for our export of veterinary animal health products to Uzbekistan. We paid service fees ranging from 4.5% to 7% of the actual sales of veterinary animal health products to buyers introduced by the Sumitomo Group.

During FY2023, FY2024, FY2025 and 5M2026, the total amount of fees incurred by us to the Sumitomo Group in respect of the provision of consulting service and the business promotion service under the 2016 Consulting Service Agreement and the Business Promotion Service Agreement amounted to approximately RMB0.5 million, RMB0.5 million, RMB0.6 million and RMB0.2 million.

During the Track Record Period, our Group owned the intellectual property rights that are material to our business operation and underlying technologies of our major products, and our arrangements with the Sumitomo Group did not and will not affect such ownership. The services provided were and are advisory, network-access and management-support in nature. Both the 2016 Consulting Service Agreement and the Business Promotion Service Agreement and the transactions contemplated therein do not involve any transfer, licensing, joint development or encumbrance of intellectual property that affects such ownership.

Sumitomo Framework Agreement

The Sumitomo Framework Agreement will cover both consultancy services and business promotion services. The consultancy services will be on terms consistent with the 2016 Consulting Service Agreement, being a fixed quarterly fee (subject to adjustment by mutual agreement for additional or expanded services), determined after arm's length negotiations with reference to (i) the scope, complexity and nature of the consultancy services to be

provided by the Sumitomo Group under the Sumitomo Framework Agreement, (ii) the qualifications, expertise and experience of the personnel involved, (iii) the estimated time and resources to be devoted by the Sumitomo Group, and (iv) historical service fees paid by our Group to the Sumitomo Group for the same scope of services since 2016.

The business promotion services will be on terms consistent with the Business Promotion Service Agreement, being a fee of 4.5% to 7% of actual sales of veterinary animal health products to buyers introduced by the Sumitomo Group, determined after arm's length negotiations with reference to (i) the scope, complexity and nature of the business promotion services to be provided by the Sumitomo Group under the Sumitomo Framework Agreement; (ii) the extensive network and resources support of the Sumitomo Group in Uzbekistan; (iii) the expected demand and profitability of the veterinary animal health products in Uzbekistan and (iv) the anticipated growth prospects of the Uzbekistan animal health market.

Further we have clarified in the Sumitomo Framework Agreement that all intellectual property rights and key technologies of our products owned by our Group shall remain in our Group and would only allow Sumitomo Group to use (as licensee) our intellectual properties strictly for the purpose of performing the business promotion services.

Having considered (i) historical transaction amount; (ii) pricing and fee model of subsisting agreement entered into with Sumitomo; and (iii) the anticipated growth in sales in Uzbekistan, which, as the business promotion fee is charged as a percentage of actual sales, is expected to result in a higher fee amount, our Directors estimate that the fees payable by us to Sumitomo in respect of the provision of consultancy service and business promotion services under the Sumitomo Framework Agreement will not exceed approximately RMB1.0 million, RMB1.0 million and RMB1.0 million for the three years ending 31 December 2028, respectively.

Having considered the transactions (including the transaction terms and the transaction amounts) between our Group and the Sumitomo Group during the Track Record Period under the 2016 Consulting Service Agreement and the Business Promotion Service Agreement and going forward under the Sumitomo Framework Agreement, in particular: (i) the commercial rationale of the arrangement, being continuing access to the Sumitomo Group's industry expertise, global market networks and strategic insights in support of our expansion plans and operational optimisation, without conferring on Sumitomo Group any right to manage or control our operations; (ii) the 2016 Consulting Service Agreement and the Business Promotion Service Agreement were in place during the Track Record Period and both are being continued under the Sumitomo Framework Agreement; (iii) the services are advisory, network-access and management-support in nature; and (iv) the consulting service fee is a fixed amount, with any adjustment for additional or expanded services requiring mutual agreement, and the business promotion fee is a pre-determined percentage of actual sales of the relevant product to buyers introduced, our Directors consider each of the above to be a normal commercial structure for continuing services of this kind. On the bases set out above, our Directors are of the view and the Sole Sponsor concurs, that the transactions between our Group and the Sumitomo Group (including the 2016 Consulting Service Agreement, the Business Promotion Service Agreement and the Sumitomo Framework Agreement), the transaction terms and the proposed annual caps under the Sumitomo Framework Agreement are fair and reasonable.

LISTING RULES IMPLICATIONS

Sinder Technology Park Property Lease Agreements, Master Product and Service Procurement Framework Agreement and Master Product Sale Framework Agreement

The Sinder Technology Park Property Lease Agreements, Master Product and Service Procurement Framework Agreement and Master Product Sale Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of our business and on normal commercial terms or better and our Directors currently expect that all of the applicable percentage ratios will not exceed 0.1%. Pursuant to Rule 14A.76(1)(a) of the Listing Rules, the relevant transactions will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Sumitomo Framework Agreement

The Sumitomo Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of our business and on normal commercial terms or better and our Directors currently expect that all of the applicable percentage ratios will not exceed 0.1%. Pursuant to Rule 14A.76(1)(a) of the Listing Rules, the relevant transactions will be fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions under the Sinder Technology Park Property Lease Agreements, Master Product Sale Framework Agreement, Master Product and Service Procurement Framework Agreement, and Sumitomo Framework Agreement, including but not limited to terms and annual caps thereof, have been entered into and will be entered into, as applicable, (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; (iii) are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iv) the proposed annual caps of the continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and without taking into account any H Shares which may be issued pursuant to the exercise of the [**REDACTED**], the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/nature of interest	Type of Shares upon the completion of the [REDACTED]	Number of Shares	Approximate percentage of shareholding in the relevant type of Shares after the [REDACTED]	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED]
	(%)			*(%)*	*(%)*
Mr. Li Zhaoyang . .	Beneficial owner	[**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	Interest in a controlled corporation[(2)]	[**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Sumitomo Corporation . . .	Beneficial owner	[**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		H Shares	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Hong Kong Sinder	Interest in a controlled corporation[(2)]	[**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Intime International . . .	Beneficial owner	[**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Note:

(1) The calculation is based on the total number of [**REDACTED**] Shares in issue and [**REDACTED**] H Shares in issue (assuming the [**REDACTED**] is not exercised) upon [**REDACTED**].

(2) As Mr. Li Zhaoyang wholly owns Hong Kong Sinder, which in turn owns 100% of Intime International, each of Mr. Li Zhaoyang and Hong Kong Sinder is deemed to have an interest in all the shares held by Intime International in our Company.

(3) Hong Kong Sinder wholly owns Intime International, and is therefore deemed to have an interest in all the shares held by Intime International in our Company.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), without taking into account the [**REDACTED**] that may be taken up under the [**REDACTED**], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital prior to and upon the completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As at the Latest Practicable Date, the registered share capital of our Company was RMB131,912,513 comprising 131,912,513 [**REDACTED**] Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
[**REDACTED**] Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
[**REDACTED**] Shares in issue*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from [**REDACTED**] Shares*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

Note: For details of the identities of the Shareholders whose [**REDACTED**] Shares will be converted into H Shares upon [**REDACTED**], see "History, Development and Corporate Structure — [**REDACTED**] of Our Company" in this document.

SHARE CLASSES

Upon completion of the [**REDACTED**] and conversion of [**REDACTED**] Shares into H Shares, our Shares will consist of [**REDACTED**] Shares and H Shares. Both [**REDACTED**] Shares and H Shares are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC.

[**REDACTED**] Shares and H Shares are regarded as one class of shares under our Articles of Association, and [**REDACTED**] Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR [REDACTED] SHARES INTO H SHARES

All our [**REDACTED**] Shares are not [**REDACTED**] or traded on any stock exchange. The holders of our [**REDACTED**] Shares may, at their own option, authorise us to apply to the CSRC for conversion of their respective [**REDACTED**] Shares to H Shares. After the conversion of [**REDACTED**] Shares, such converted Shares may be [**REDACTED**] or traded on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The [**REDACTED**] of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange. In addition, such conversion, [**REDACTED**] and [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the conversion of our [**REDACTED**] Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our [**REDACTED**] Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our initial [**REDACTED**] on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for [**REDACTED**] at the time of our initial [**REDACTED**] in Hong Kong.

Any application for [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant [**REDACTED**] Shares will be withdrawn from the [**REDACTED**] Share register, and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue [**REDACTED**]. Registration on our H Share register of holders will be conditional on (a) our [**REDACTED**] lodging with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due issuance of [**REDACTED**]; and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange in compliance with the Listing Rules, the [**REDACTED**] in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

Directors, supervisors and senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a general meeting of our Company is required, see "Summary of Principal Legal and Regulatory Provisions — The PRC Company Law and Administrative Measures — Shareholders' General Meetings" in Appendix IV to this document.

The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Report included in Appendix I to this document. Our historical financial information and the consolidated financial statements of our Group have been prepared in accordance with the HKFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section. Unless the context otherwise requires, historical financial information in this section is described on a consolidated basis.

The discussion and analysis set forth in this section contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Our actual results may differ significantly from those projected. Factors that could cause or contribute to such differences include, without limitation, the information provided in the sections headed "Risk Factors" and "Business" and elsewhere in this document.

For the purposes of this section, unless the context otherwise requires, references to the years of 2023, 2024 and 2025 refer to the years ended 31 December of such years. Discrepancies between totals and sums of amounts listed in this section, in any table or elsewhere in this document may be due to rounding.

OVERVIEW

Founded in 1999, we are an animal health company in the PRC. We primarily engage in R&D, production and sales of a comprehensive range of animal health and ancillary products including veterinary biological products (such as vaccines, antibodies, transfer factors etc.), traditional Chinese veterinary medicines, chemical and drug formulations, animal feed and feed additives to achieve the prevention, diagnosis, and treatment and control of diseases in poultry, livestock, aquatic animals and pets.

During the Track Record Period, we maintained a relatively stable revenue scale, mainly attributable to changes in product mix, adjustments in pricing strategy, our provision of technical services and the increase in sales of our products in overseas markets. Our revenue decreased slightly by 0.3% from RMB984.6 million for FY2023 to RMB981.8 million for FY2024, and increased by 21.6% to RMB1,194.3 million for FY2025 primarily attributable to a sales increase of RMB175.0 million from our veterinary biological products. Our revenue increased by 3.9% from RMB488.3 million for 5M2025 to RMB507.2 million for 5M2026, primarily attributable to an increase of RMB17.3 million in revenue from our chemical and drug formulation products and RMB7.4 million in revenue from our animal feed and feed additives products, despite a decline in revenue from veterinary biological products following the VAT policy change in January 2026. During the Track Record Period, we recorded positive net operating cash flow, amounting to approximately RMB125.7 million, RMB117.2 million, RMB226.1 million and RMB18.6 million, respectively.

BASIS OF PREPARATION

For ordinary shares issued to [**REDACTED**] Investors, pursuant to the supplemental agreements entered into between our Company and the [**REDACTED**] Investors in relation to the termination of joint and several guarantees provided by our Company for the redemption rights, which are void ab initio as described in Note 27 to the Accountants' Report, having taking into account the legal and regulatory framework of our Company's jurisdiction and the governing law of the supplementary agreements, the Directors considered that it is appropriate to present the [**REDACTED**] Investments as equity throughout the Track Record Period. For the details of financial impacts, see Note 27 to the Accountants' Report in Appendix I to this document.

Our historical financial information during the Track Record Period (the "**Historical Financial Information**") has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Further details of the material accounting policy information adopted are set out in Note 2.3 to the Accountants' Report in Appendix I to this document. The Historical Financial Information also complies with the applicable disclosure requirements of the Companies Ordinance and the Listing Rules. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted on a consistent basis by our Group in the preparation of the Historical Financial Information throughout the periods presented in the Historical Financial Information and the interim comparative financial information of our Group.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets which have been measured at fair value through other comprehensive income. Our historical financial statements are presented in Renminbi, and unless otherwise specified, all figures are rounded to the nearest thousand.

Going concern assumption

As at 31 May 2026, our Group's net current assets amounted to RMB73,953,000, which comprised current assets of RMB846,251,000 and current liabilities of RMB772,298,000.

In view of the net current liabilities position as at 31 December 2023, 2024 and 2025, our Directors have given careful consideration to the future liquidity and performance of our Group and its available sources of finance in assessing whether our Group will have sufficient financial resources to continue as a going concern. In order to improve our Group's liquidity and cash flows to sustain our Group as a going concern, our Group is in the process of implementing the following measures, namely: (i) obtaining additional loan facilities and entering into loan renewal discussions with banks and financial institutions; (ii) taking measures to tighten cost controls over various production costs and expenses; and (iii) looking for new opportunities of profitable business investments. After taking into account the above measures, the directors believe that our Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. Therefore, the Historical Financial Information has been prepared on a going concern basis.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and will continue to be, affected by a number of factors, including but not limited to the following:

General Factors

Our business and operating results have been, and are expected to continue to be, affected by the following major general factors:

- Laws and regulations, governmental policies and initiatives relating to the global and China animal health industries. The industry is subject to strict regulatory oversight, including GMP requirements, product registration and post market surveillance. Evolving regulations may materially affect operations if compliance cannot be maintained;

- Our business is closely linked to the performance of China's livestock and poultry industry, which affects demand for animal health products and may cause fluctuations in our revenue and profitability;

- The animal health industry in China is highly competitive, with over 1,500 veterinary drug manufacturers as present, according to CIC. Competition from domestic players, new entrants and international companies exerts pricing pressure and raises industry standards;

- Changes in trade policies, sanctions, export controls or geopolitical tensions may increase costs, restrict market access or adversely affect our international operations;

- Volatility in global financial markets, interest rates, inflation and geopolitical conflicts may materially affect liquidity, demand and overall operating conditions; and

- Political, economic and social developments in different markets in which we operate.

Specific Factors

Our business and results of operations are also affected by a number of key factors specific to our Group.

Key product portfolio

Our results are significantly affected by the performance of our key product portfolio, including poultry vaccines and transfer factor products, where we hold leading market positions. The sales performance of these products directly drives our revenue and profitability, and any changes in demand, competition or regulatory requirements relating to these products may materially affect our business and results of operations.

Composition of sales between local and overseas markets

Our revenue is derived from both the PRC market and overseas markets. The composition of sales between local and overseas markets affects our overall performance, as local sales are subject to domestic market conditions, regulatory policies and customer preferences, while overseas sales are influenced by international demand, foreign regulatory regimes and trade policies. Fluctuations in either market, or changes in the proportion of sales between the two, may materially affect our business and results of operations.

Customer base and distributor network

We derive revenue primarily through direct sales to customers and sales via third-party distributors, which together form our principal sales channels. Our business and results of operations are significantly affected by the strength of our relationships with customers (including distributors).

Direct sales accounted for a proportion of 70.2%, 69.6%, 69.6%, 69.5% and 71.9% of our total revenue for FY2023, FY2024, FY2025, 5M2025 and 5M2026, respectively. Customer development in the animal health industry often requires long sales cycles, especially when dealing with large scale poultry and livestock farms, regional distributors, or during government procurement cooperation processes. Our success depends, in part, on our ability to cost-effectively attract new customers and retain our existing customers, particularly our key account customers.

Further, as all distributors are independent parties over whom we exercise limited control, we cannot assure that they will consistently comply with our sales policies or distribute our products effectively. Consistent with industry practice, we typically enter into distribution agreements for a prescribed term, and there is no assurance that such agreements will be renewed on commercially acceptable terms. Our relationships with our customer base and distributor network may materially affect our business and results of operations.

Seasonality

Our business and sales are subject to seasonality fluctuations in demand for animal health products. For example, sales of our vaccines may peak during specific periods of the year due to disease prevention cycles or customer purchasing patterns, most notably during the fourth quarter, when lower temperatures impair livestock and poultry immunity, leading to increased

outbreaks of respiratory and gastrointestinal diseases. As a result, seasonality may result in fluctuations in our revenue and operating results across different reporting periods, and our ability to manage production, inventory and distribution in line with seasonal demand is critical to our performance.

Our Ability to Control Material Costs and Operating Expenses

Sensitivity

The procurement prices of our raw materials directly affected our cost of sales and our gross profit. In particular, material costs constitute the largest component of our cost of sales, accounting for 67.4%, 65.1%, 68.1%, 67.7% and 67.3% of our total cost of sales in FY2023, FY2024, FY2025, 5M2025 and 5M2026, respectively. The market prices of raw materials we mainly use fluctuated in the past and may fluctuate in the future. The ability to obtain favourable procurement prices is crucial to our cost control.

For illustrative purposes only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our material costs on our profit before tax during the Track Record Period.

Change in profit for the year/period	**+/-5%**	**+/-10%**
	RMB'000	*RMB'000*
FY2023	+/-17,814	+/-35,629
FY2024	+/-17,259	+/-34,518
FY2025	+/-20,631	+/-41,264
5M2026	+/-8,590	+/-17,180

[**REDACTED**] should note that the above analysis on the Historical Financial Information is for reference only and should not be viewed as the actual effect.

MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements related to accounting items. The estimates and assumptions we use and the judgements we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgements based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgements used in the preparation of our financial statements. Further details are set forth in Notes 2.3 and 3 to the Accountants' Report as set out in Appendix I to this document.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception

and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally upon acceptance by the customers or delivery of the products.

Some contracts for the sale of products provide customers with rights of sales return and sales rebates, giving rise to variable consideration.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to our Group and the amount of the dividend can be measured reliably.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of FY2023, FY2024, FY2025 and 5M2026 as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by our Group, liabilities assumed by our Group to the former owners of the acquiree and the equity interests issued by our Group in exchange for control of the acquiree. For each business combination, our Group elects whether to measure

the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Our Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs. For further details, please refer to the section headed "Business combinations and goodwill" in Note 2.3 to the Accountants' Report in Appendix I to this document.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. For further details of our accounting policy on property, plant and equipment and depreciation, including the principal annual rates used for depreciation, please refer to the section headed "Property, plant and equipment and depreciation" in Note 2.3 to the Accountants' Report in Appendix I to this document.

Leases

Our Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Our Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Our Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

When our Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease. For further details, please refer to the section headed "Leases" in Note 2.3 to the Accountants' Report in Appendix I to this document.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of FY2023, FY2024, FY2025 and 5M2026. For further details of our accounting policy on intangible assets (other than goodwill), please refer to the section headed "Intangible assets (other than goodwill)" in Note 2.3 to the Accountants' Report in Appendix I to this document.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of FY2023 and FY2024 and FY2025 and 5M2026, taking into consideration interpretations and practices prevailing in the countries in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of FY2023 and FY2024 and FY2025 and 5M2026, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. For further details of our accounting policy on income tax, please refer to the section headed "Income tax" in Note 2.3 to the Accountants' Report in Appendix I to this document.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Our Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade payables, other payables and borrowings)

After initial recognition, trade payables, other payables and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by our Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, our Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Convertible bonds

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

SUMMARY OF RESULTS OF OPERATIONS

Set forth below is a summary of our consolidated statement of profit or loss and other comprehensive income during the Track Record Period, extracted from the Accountants' Report as set out in Appendix I to this document. The financial information contained herein and in the Accountants' Report in the Appendix I to this document is prepared in accordance with HKFRSs.

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
REVENUE	984,633	981,805	1,194,252	488,297	507,177
Cost of sales	(528,324)	(529,895)	(605,976)	(250,009)	(255,328)
Gross profit	456,309	451,910	588,276	238,288	251,849
Other income and gains	16,790	31,742	15,684	5,132	5,990
Impairment losses on financial instruments, net	(25,162)	(25,043)	(25,271)	(16,795)	(438)
Selling and distribution expenses	(206,341)	(222,056)	(260,841)	(109,402)	(104,615)
Administrative expenses	(85,139)	(82,555)	(89,253)	(32,935)	(41,365)
Research and development expenses	(68,954)	(81,292)	(95,715)	(34,011)	(39,862)
Other expenses	(6,819)	(4,557)	(70,628)	(2,385)	(1,861)
Finance costs	(36,561)	(36,287)	(32,391)	(15,039)	(10,809)
Share of losses of associates	(275)	(532)	(577)	(49)	(238)
PROFIT BEFORE TAX	43,848	31,330	29,284	32,804	58,651
Income tax expense	(9,085)	(3,212)	(18,445)	(4,859)	(7,557)
PROFIT FOR THE YEAR/PERIOD	34,763	28,118	10,839	27,945	51,094
Attributable to:					
Owners of the parent	34,325	27,162	9,867	27,848	49,998
Non-controlling interests	438	956	972	97	1,096
	34,763	28,118	10,839	27,945	51,094

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB) .	0.26	0.21	0.07	0.21	0.38

Non-HKFRS Financial Measures

To supplement our consolidated financial statements of profit or loss that are presented in accordance with HKFRS, we define adjusted net profit (non-HKFRS measure) as profit for the year/period adjusted by adding back (i) [**REDACTED**] expenses, and (ii) the impairment losses recognised in respect of the goodwill and the property, plant and equipment and other intangible assets of Shandong Haili, which arose from our acquisition of Shandong Haili in April 2023 and adjusted net profit margin (non-HKFRS measure) as adjusted net profit divided by revenue for the respective year/period. We believe that these non-HKFRS measures facilitate comparisons of our operating performance from period to period by eliminating the potential impacts of items which our Directors do not consider to be indicative of our operating performance.

We believe that the non-HKFRS measures provide useful information to [**REDACTED**] and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

The following table sets forth a reconciliation of our adjusted net profit (non-HKFRS measure) and to profit for the year/period in respect of the years/periods indicated:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period . .	**34,763**	**28,118**	**10,839**	**27,945**	**51,094**
Adjusted by adding back:					
[**REDACTED**] expenses[(1)] . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Impairment of goodwill[(2)] . . .	–	–	28,494	–	–
Impairment of property, plant and equipment and other intangible assets of Shandong Haili[(2)]	–	–	30,499	–	–
Adjusted net profit (non-HKFRS measure) . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit margin (non-HKFRS measure) . . .	3.5%	2.9%	6.3%	6.1%	11.1%

Notes:

(1) Represents expenses incurred in connection with the [**REDACTED**] and charged to our consolidated statements of profit or loss.

(2) Represents impairment losses recognised in FY2025 in respect of (i) the goodwill allocated to Shandong Haili of RMB28.5 million, and (ii) the property, plant and equipment of RMB22.0 million and other intangible assets of RMB8.5 million of Shandong Haili, which were included in "other expenses" in our consolidated statements of profit or loss. See Notes 13, 15 and 16 to the Accountants' Report in Appendix I to this document for details.

DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue by product

During the Track Record Period, our revenue was primarily derived from the sales of animal health and ancillary products, including (i) veterinary biological products (獸用生物製品); (ii) chemical and drug formulation (化藥製劑); (iii) animal feed and feed additives (飼料及飼料添加劑); and (iv) traditional Chinese veterinary medicine (中獸藥). The table below sets forth a breakdown of our revenue by product category in absolute amounts and as a percentage of our total revenue for the years or periods indicated:

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Veterinary biological products (獸用生物製品)										
Vaccine products (疫苗產品)	464,952	47.2	476,267	48.5	629,905	52.7	249,878	51.2	253,972	50.1
Antibody products (抗體產品)	96,414	9.8	86,230	8.8	90,199	7.6	38,560	7.9	35,849	7.1
Transfer factor (轉移因子)	64,948	6.6	68,033	6.9	85,399	7.2	43,002	8.8	32,127	6.3
Subtotal	**626,314**	**63.6**	**630,530**	**64.2**	**805,503**	**67.5**	**331,440**	**67.9**	**321,948**	**63.5**
Chemical and drug formulation (化藥製劑)[1]	191,546	19.5	199,683	20.3	209,815	17.6	80,052	16.4	97,393	19.2
Animal feed and feed additives (飼料及飼料添加劑)	58,520	5.9	56,030	5.7	68,030	5.7	29,055	6.0	36,475	7.2
Traditional Chinese veterinary medicine (中獸藥)	35,104	3.6	29,050	3.0	31,953	2.7	12,409	2.5	13,804	2.7
Other ancillary products[2]	73,149	7.4	66,512	6.8	78,951	6.5	35,341	7.2	37,557	7.4
Total	**984,633**	**100.0**	**981,805**	**100.0**	**1,194,252**	**100.0**	**488,297**	**100.0**	**507,177**	**100.0**

Notes:

(1) Included our pet pharmaceutical products.

(2) Mainly comprised revenue generated from the sale of eggs, fertilisers (肥料產品) and pesticides (農藥產品).

Our total revenue remained relatively stable at RMB984.6 million for FY2023 to RMB981.8 million for FY2024, before increasing by 21.6% from RMB981.8 million for FY2024 to RMB1,194.3 million for FY2025. In addition, our total revenue grew by 3.9% from RMB488.3 million for 5M2025 to RMB507.2 million for 5M2026.

During the Track Record Period, we derived our revenue primarily from the sale of veterinary biological products, which constituted our Company's core revenue-contributing category. The revenue contribution of our veterinary biological products demonstrated a continuous growth trend from FY2023 to FY2025, accounting for 63.6%, 64.2% and 67.5% of our total revenue in FY2023, FY2024 and FY2025, respectively, followed by a slight decrease to 63.5% in 5M2026. In addition, our veterinary chemical and drug formulations consistently accounted for between 17.6% to 20.3% of our total revenue during the Track Record Period.

Revenue by geographic location

The table below sets forth our revenue by geographic location for the years or periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chinese mainland	972,469	98.8	953,530	97.1	1,127,461	94.4	466,136	95.5	464,799	91.6
– East China[(1)]	456,321	46.3	429,356	43.7	542,154	45.4	225,945	46.3	227,579	44.9
– South China[(2)]	78,104	7.9	82,711	8.4	88,292	7.4	33,966	7.0	31,465	6.2
– North China[(3)]	151,033	15.3	135,835	13.8	157,804	13.2	63,191	12.9	67,434	13.3
– Central China[(4)]	69,927	7.1	97,828	10.0	108,961	9.1	45,708	9.4	50,305	9.9
– Southwestern China[(5)]	59,745	6.1	53,372	5.4	56,591	4.7	23,362	4.8	22,622	4.5
– Northwestern China[(6)]	21,058	2.1	15,961	1.6	15,318	1.3	5,925	1.2	8,805	1.7
– Northeastern China[(7)]	136,281	13.8	138,467	14.1	158,341	13.3	68,038	13.9	56,589	11.2
Overseas	12,164	1.2	28,275	2.9	66,791	5.6	22,161	4.5	42,378	8.4
– Pakistan	6,556	0.67	14,505	1.48	34,564	2.89	11,542	2.36	27,119	5.35
– Egypt	4,771	0.48	7,571	0.77	14,691	1.23	6,624	1.36	3,767	0.74
– Vietnam	604	0.06	4,669	0.48	9,301	0.78	2,917	0.60	4,809	0.95
– Nigeria	52	0.01	1,477	0.15	4,670	0.39	727	0.15	2,632	0.52
– Others[(8)]	181	0.02	53	0.01	3,565	0.30	351	0.07	4,050	0.80
Total	**984,633**	**100.0**	**981,805**	**100.0**	**1,194,252**	**100.0**	**488,297**	**100.0**	**507,177**	**100.0**

Notes:

(1) East China included Shanghai and the provinces of Jiangsu, Zhejiang, Anhui, Fujian, Shandong and Jiangxi.

(2) South China included Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province.

(3) North China included Beijing, Tianjin, the provinces of Hebei, Shanxi, and the central part of Inner Mongolia Autonomous Region.

(4) Central China included the provinces of Henan, Hubei and Hunan.

(5) Southwestern China included Chongqing, the provinces of Sichuan, Guizhou, Yunnan, and Tibet Autonomous Region.

(6) Northwestern China included Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui, and Xinjiang Uyghur Autonomous Region.

(7) Northeastern China included Heilongjiang Province, Jilin Province, and Liaoning Province.

(8) Included Philippines, Uzbekistan, Cambodia, United Arab Emirates, South Africa, Libya and Malawi.

Our overseas revenue increased by 132.4% from RMB12.2 million for FY2023 to RMB28.3 million for FY2024, mainly because our Company had established an overseas business expansion team, conducted research on veterinary drug access standards in emerging breeding markets, and initiated the registration process for core veterinary biological products in overseas markets. Beginning in the second half of 2023, this strategy entered into implementation phase, during which our Company deepened cooperation with local business partners in Pakistan, Vietnam and Egypt, thereby supporting the growth in overseas revenue.

Our overseas revenue significantly increased by 136.2% from RMB28.3 million in FY2024 to RMB66.8 million in FY2025. This was primarily attributable to the introduction of targeted measures in our overseas markets, including the engagement of additional local business partners and the establishment of professional technical service teams to provide epidemiological investigation and technical services and establishing dedicated pathogen databases for overseas regions.

Our overseas revenue significantly increased by 91.2% from RMB22.2 million in 5M2025 to RMB42.4 million in 5M2026, driven by the continued execution of our overseas market strategy, the provision of epidemiological investigation and technical services across key markets including Pakistan, Egypt, Vietnam and Nigeria, alongside continued product registrations and expansion into new countries.

Revenue by sales channel

The table below sets forth our revenue by sales channel for the years or periods indicated.

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct Sales	691,561	70.2	683,312	69.6	830,677	69.6	339,337	69.5	364,825	71.9
Distributors	204,750	20.8	194,188	19.8	198,758	16.6	83,391	17.1	79,805	15.7
Government procurement	72,615	7.4	73,474	7.5	95,783	8.0	42,053	8.6	18,321	3.6
E-commerce	3,543	0.4	2,556	0.3	2,243	0.2	1,355	0.3	1,848	0.4
Export	12,164	1.2	28,275	2.8	66,791	5.6	22,161	4.5	42,378	8.4
Total	**984,633**	**100.0**	**981,805**	**100.0**	**1,194,252**	**100.0**	**488,297**	**100.0**	**507,177**	**100.0**

During the Track Record Period, we derived revenue primarily by way of direct sales, while sales by way of distributors being the second largest sales channel. Our sales by way of direct sales remained relatively steady, accounting for approximately 70% of our total revenue throughout the Track Record Period. Our export sales increased by 132.4% from RMB12.2 million for FY2023 to RMB28.3 million for FY2024, by 136.2% from RMB28.3 million for FY2024 to RMB66.8 million for FY2025, and by 91.2% from RMB22.2 million for 5M2025 to RMB42.4 million for 5M2026, primarily due to the targeted measures for overseas expansion implemented during the same period.

Cost of Sales

Our cost of sales primarily consists of (i) material costs; (ii) staff costs; (iii) depreciation and amortisation; and (iv) others.

The table below sets forth a breakdown of the cost of sales of goods for the years and periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Material costs	356,289	67.4	345,183	65.1	412,636	68.1	169,314	67.7	171,801	67.3
Staff costs	66,373	12.6	66,699	12.6	64,161	10.6	25,692	10.3	28,292	11.1
Depreciation and Amortisation	51,459	9.7	56,795	10.7	52,011	8.6	26,208	10.5	25,232	9.9
Others	54,203	10.3	61,218	11.6	77,168	12.7	28,795	11.5	30,003	11.7
Total	**528,324**	**100.0**	**529,895**	**100.0**	**605,976**	**100.0**	**250,009**	**100.0**	**255,328**	**100.0**

During the Track Record Period, our cost of sales increased by 0.3% from RMB528.3 million in FY2023 to RMB529.9 million in FY2024, subsequently increased by 14.4% from RMB529.9 million in FY2024 to RMB606.0 million in FY2025, and increased by 2.1% from RMB250.0 million in 5M2025 to 255.3 million in 5M2026, primarily attributable to changes in sales revenue during the same periods, with cost of sales exhibiting the same trend as revenue.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and the respective gross profit margins by product categories for the years and periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Veterinary biological products (獸用生物製品)										
Vaccine products (疫苗產品)	218,739	47.0	230,139	48.3	341,499	54.2	134,382	53.8	134,630	53.0
Antibody products (抗體產品)	46,306	48.0	44,266	51.3	39,768	44.1	16,377	42.5	18,190	50.7
Transfer factor (轉移因子)	46,349	71.4	46,164	67.9	59,487	69.7	29,982	69.7	22,099	68.8
Sub-total	**311,394**	**49.7**	**320,569**	**50.8**	**440,754**	**54.7**	**180,741**	**54.5**	**174,919**	**54.3**
Chemical and Drug formulation (化藥製劑)	73,616	38.4	65,280	32.7	65,784	31.4	24,613	30.7	33,526	34.4
Feed and feed additives (飼料及飼料添加劑)	34,115	58.3	32,250	57.6	42,104	61.9	17,304	59.6	21,552	59.1
Traditional Chinese veterinary medicine (中獸藥)	12,603	35.9	9,145	31.5	10,908	34.1	3,028	24.4	5,583	40.4
Others[1]	24,581	33.6	24,666	37.1	28,726	36.4	12,602	35.7	16,269	43.3
Total	**456,309**	**46.3**	**451,910**	**46.0**	**588,276**	**49.3**	**238,288**	**48.8**	**251,849**	**49.7**

Note (1): Mainly comprised revenue generated from the sale of fertilisers (肥料產品), pesticides (農藥產品) and others.

The table below sets forth a breakdown of our gross profit and the respective gross profit margins by geographic location for the years and periods indicated:

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Chinese mainland	448,670	46.1	433,897	45.5	544,606	48.3	223,487	47.9	224,034	48.2
– East China[1]	203,528	44.6	191,950	44.7	264,227	48.7	109,190	48.3	113,269	49.8
– South China[2]	33,820	43.3	37,766	45.7	40,249	45.6	14,507	42.7	13,908	44.2
– North China[3]	69,773	46.2	62,588	46.1	75,347	47.7	31,111	49.2	31,485	46.7
– Central China[4]	32,675	46.7	40,659	41.6	41,693	38.3	17,618	38.5	19,289	38.3
– Southwestern China[5]	26,299	44.0	25,547	47.9	26,833	47.4	11,444	49.0	8,899	39.3
– Northwestern China[6]	11,002	52.2	8,289	51.9	8,147	53.2	3,183	53.7	4,510	51.2
– Northeastern China[7]	71,573	52.5	67,098	48.5	88,110	55.6	36,434	53.5	32,674	57.7
Overseas	7,639	62.8	18,013	63.7	43,670	65.4	14,801	66.8	27,815	65.6
– Pakistan	4,277	65.2	9,084	62.6	22,948	66.4	7,966	69.0	18,489	68.2
– Egypt	2,910	61.0	5,096	67.3	10,158	69.1	4,514	68.1	2,498	66.3
– Vietnam	386	63.9	3,170	67.9	6,349	68.3	1,877	64.4	3,040	63.2
– Nigeria	17	31.8	656	44.4	2,047	43.8	306	42.1	1,513	57.5
– Others[8]	49	27.3	7	14.0	2,168	60.8	138	39.3	2,275	56.2
Total	**456,309**	**46.3**	**451,910**	**46.0**	**588,276**	**49.3**	**238,288**	**48.8**	**251,849**	**49.7**

Notes (1) to (8): see " — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by geographic location" above.

During the Track Record Period, our gross profit decreased by 1.0% from RMB456.3 million in FY2023 to RMB451.9 million in FY2024, mainly due to the decline in revenue during the same period. This was followed by an increase of 30.2% from RMB451.9 million in FY2024 to RMB588.3 million in FY2025, primarily driven by a higher proportion of sales in veterinary biological products which generally carry higher gross profit margins and contribute a higher proportion of revenue. Gross profit increased by 5.7% from RMB238.3 million in 5M2025 to RMB251.8 million in 5M2026, supported by continued product mix optimisation and effective cost-saving initiatives.

Our gross profit margin decreased slightly from 46.3% in FY2023 to 46.0% in FY2024, primarily due to a decrease in the gross profit margin of our chemical and drug formulation products from 38.4% to 32.7% amid intensified market competition. By contrast, our gross profit margin rose from 46.0% in FY2024 to 49.3% in FY2025, primarily driven by the same factors driving gross profit growth during the same period. Our gross profit margin further improved from 48.8% in 5M2025 to 49.7% in 5M2026, primarily attributable to the improvements in the gross profit margins of chemical and drug formulation, antibody products and traditional Chinese veterinary medicine as well as other products, enhanced cost efficiencies from production scale expansion and procurement optimisation, and a decreased proportion of sales to distributors.

Other Income and Gains

Our other income and gains during the Track Record Period primarily consists of (i) government grants; (ii) bank interest income; (iii) interest income from loans to others; (iv) finance income on the net investment in the lease; (v) reimbursement from financial guarantees; and (vi) others.

The following table sets out a breakdown of the major component of our other income and gains for the years and periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
							(unaudited)			
Other income										
Government grants[1]	9,246	55.1	28,693	90.4	11,899	75.9	3,232	63.0	5,044	84.2
Bank interest income	1,560	9.3	734	2.3	429	2.7	187	3.6	104	1.7
Interest income from loans to related parties and third parties	250	1.5	500	1.6	500	3.2	208	4.1	64	1.1
Finance income on the net investment in the lease	3,654	21.8	–	–	–	–	–	–	–	–
Others[2]	1,749	10.3	1,815	5.7	2,363	15.1	892	17.4	744	12.4
Total other income	16,459	98.0	31,742	100.0	15,191	96.9	4,519	88.1	5,956	99.4
Gains										
Gain on disposal of a subsidiary	121	0.7	–	–	–	–	–	–	–	–
Gain on disposal of items of property, plant and equipment	210	1.3	–	–	493	3.1	613	11.9	34	0.6
Total gains	331	2.0	–	–	493	3.1	613	11.9	34	0.6
Total other income and gains	**16,790**	**100.0**	**31,742**	**100.0**	**15,684**	**100.0**	**5,132**	**100.0**	**5,990**	**100.0**

Notes:

1. Government grants have been received from the PRC local government authorities to support our Group's R&D activities. There are no unfulfilled conditions related to these government grants.
2. Others include rental income, interest income from borrowing from third parties, scrap revenue, balance adjustments, exchange gains, compensation, and guaranteed liabilities.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) staff costs; (ii) marketing expenses; (iii) office expenses; (iv) travel and transportation expenses; (v) depreciation and amortisation expenses; and (vi) others.

The table below sets forth a breakdown of selling and marketing expenses in absolute amounts and as percentage of total selling and marketing expenses for the years or periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs[(1)]	112,123	54.3	130,651	58.8	137,954	52.9	60,180	55.0	62,611	59.8
Marketing expenses	54,059	26.2	45,921	20.7	79,453	30.5	32,042	29.3	23,769	22.7
Office expenses	6,718	3.3	9,195	4.1	8,195	3.1	2,898	2.6	2,971	2.8
Travel and transportation expenses	24,597	11.9	24,845	11.2	24,035	9.2	11,033	10.1	10,877	10.4
Depreciation and amortisation expenses	3,984	1.9	4,053	1.8	3,495	1.3	1,299	1.2	1,078	1.0
Other[(2)]	4,860	2.4	7,391	3.4	7,709	3.0	1,950	1.8	3,309	3.3
Total	**206,341**	**100.0**	**222,056**	**100.0**	**260,841**	**100.0**	**109,402**	**100.0**	**104,615**	**100.0**

Notes:

1. Our staff costs include employee salaries, social security, welfare expenses and staff costs related to our sales and marketing personnel.
2. Other selling and distribution expense primarily includes detection tests, consulting services and others.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, which primarily consist of employee salaries, social security, welfare expenses and staff costs related to management; (ii) depreciation and amortisation expenses; (iii) taxes and surcharges; (iv) office expenses; (v) business entertainment expenses; (vi) consulting service fees; (vii) travel and transportation expenses; (viii) [**REDACTED**] expenses; and (ix) others.

The table below sets forth a breakdown of administrative expenses in absolute amounts and as percentage of total administrative expenses for the years or periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs	35,816	42.1	34,503	41.8	34,715	38.9	13,214	40.1	15,622	37.8
Depreciation and amortisation expenses	14,762	17.3	14,438	17.5	15,577	17.5	5,729	17.4	5,914	14.3
Taxes and surcharges	10,405	12.2	12,161	14.7	11,627	13.0	4,321	13.1	5,584	13.5
Office expenses	7,279	8.5	8,202	9.9	8,120	9.1	2,621	8.0	3,491	8.4
Business entertainment expenses	3,804	4.5	4,118	5.0	3,291	3.7	1,322	4.0	1,359	3.3
Consulting service fees	7,037	8.3	3,855	4.7	4,618	5.2	1,599	4.9	1,753	4.2
Travel and transportation expenses	2,825	3.3	2,412	2.9	2,697	3.0	1,082	3.3	1,140	2.8
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others[(1)]	3,211	3.8	2,866	3.5	2,684	3.0	1,257	3.8	1,507	3.6
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note (1): Others primarily include leasing services, trade union funds, conference fees, handling charges, fuel costs, and others.

R&D Expenses

Our R&D expenses primarily consist of (i) staff costs, which primarily consists of remuneration, social insurance and employee welfare related to R&D staff; (ii) material expenses; (iii) technology and cooperation expenses; (iv) depreciation and amortisation expenses; and (v) others.

The table below sets forth a breakdown of R&D expenses in absolute amounts and as percentage of total R&D expenses for the years or periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs	31,867	46.2	34,907	42.9	36,735	38.4	14,831	43.6	15,917	39.9
Material expenses	16,232	23.5	17,754	21.8	23,306	24.3	8,248	24.3	8,308	20.8
Technology and cooperation expenses	10,788	15.6	15,040	18.5	21,222	22.2	5,204	15.3	9,158	23.0
Depreciation and amortisation expenses	6,202	9.0	9,540	11.7	9,022	9.4	4,105	12.1	3,996	10.0
Others[(1)]	3,865	5.7	4,051	5.1	5,430	5.7	1,623	4.7	2,483	6.3
Total	**68,954**	**100.0**	**81,292**	**100.0**	**95,715**	**100.0**	**34,011**	**100.0**	**39,862**	**100.0**

Note (1): Others primarily include office inspection, water, electricity and fuel expenses, business and transportation, maintenance and repair fees, clinical trial fees for new drug R&D, and others.

Other expenses

Other expenses primarily consist of (i) impairment of property, plant and equipment; (ii) loss on disposal of items of property, plant and equipment; (iii) remeasurement of financial guarantee contracts; (iv) surcharges for overdue tax payments; (v) donations; (vi) foreign exchange losses; and (vii) others.

The table below sets forth a breakdown of other expenses in absolute amounts and as a percentage of total other expenses for the years or periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
							(unaudited)			
Impairment of property, plant and equipment	3,728	54.7	2,016	44.2	38,381	54.3	1,964	82.3	124	6.7
Impairment of goodwill	–	–	–	–	28,494	40.3	–	–	–	–
Loss on disposal of items of property, plant and equipment	–	–	454	10.0	–	–	–	–	–	–
Surcharges for overdue tax payments	181	2.7	549	12.0	472	0.7	5	0.2	283	15.2
Donation	2,002	29.4	400	8.8	30	–	–	–	–	–
Foreign exchange loss	–	–	144	3.2	82	0.1	–	–	1,102	59.2
Others[(1)]	908	13.2	994	21.8	3,169	4.6	416	17.5	352	18.9
Total	**6,819**	**100.0**	**4,557**	**100.0**	**70,628**	**100.0**	**2,385**	**100.0**	**1,861**	**100.0**

Note (1): Our other expense primarily include gains from the disposal of investments in subsidiaries, compensation, and others.

Finance costs

Our finance costs primarily consists of (i) bank interest expenses; (ii) lease interest expenses; (iii) convertible bond interest expenses; and (iv) interest expenses on other borrowings.

The table below sets forth a breakdown of our finance costs for the years/periods indicated:

	Years ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000* *(unaudited)*	*(%)*	*RMB'000*	*(%)*
Interest on bank loans	18,354	50.2	19,464	53.6	18,977	58.6	7,769	51.7	6,885	63.7
Interest on lease liabilities	3,152	8.6	3,295	9.1	2,187	6.8	1,417	9.4	412	3.8
Interest on convertible bonds	4,640	12.7	3,093	8.5	1,096	3.4	1,096	7.3	–	–
Interest on other borrowings	10,415	28.5	10,435	28.8	10,131	31.2	4,757	31.6	3,512	32.5
Total	**36,561**	**100.0**	**36,287**	**100.0**	**32,391**	**100.0**	**15,039**	**100.0**	**10,809**	**100.0**

Income tax expenses

Our income tax expenses include current and deferred income taxes. We are required to pay income tax on profits arising in or derived from the jurisdictions where our Company or any of our subsidiaries is registered and operates. The table below sets forth a breakdown of our income tax expenses for the years or periods indicated:

	Years ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current – Charge for the year/period	11,833	7,845	14,939	4,459	6,973
Deferred	(2,748)	(4,633)	3,506	400	584
Total tax charged for the year/period	**9,085**	**3,212**	**18,445**	**4,859**	**7,557**

Our income tax expenses primarily consist of current and deferred tax. During the Track Record Period, certain entities within our Group enjoyed preferential tax treatments. In FY2023, FY2024, FY2025, 5M2025 and 5M2026, our income tax amounted to RMB9.1 million, RMB3.2 million, RMB18.4 million, RMB4.9 million and RMB7.6 million, respectively.

During the Track Record Period and up to the Latest Practicable Date, our Group had no unresolved income tax issues or disputes with the relevant tax authorities. For details of the preferential treatment enjoyed by our Company and its subsidiaries, please refer to Note 10 to the Accountants' Report in Appendix I to this document.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months ended 31 May 2026 Compared to Five Months ended 31 May 2025

Revenue

Our total revenue increased by 3.9% from RMB488.3 million in 5M2025 to RMB507.2 million in 5M2026, characterised by an overall product resilience despite the impact of VAT policy changes on veterinary biological products, a robust development of exports towards overseas markets and an enhancing market penetration via direct sales.

Our revenue from chemical and drug formulation increased by 21.7% or RMB17.3 million from RMB80.1 million in 5M2025 to RMB97.4 million in 5M2026, propelled by our strengthening focus on veterinary disinfectant products formulated for microbial control to capture market share. Our revenue from feed and feed additives increased by 25.5% or RMB7.4 million from RMB29.1 million in 5M2025 to RMB36.5 million in 5M2026 mainly due to changes in product mix towards higher-margin additives, further supported by new customer acquisitions and increased purchasing volumes from large scale customers. In contrast, the sales of veterinary biological products decreased slightly from RMB331.4 million in 5M2025 to RMB321.9 million in 5M2026 following the VAT policy change where the Simplified Tax Calculation Method no longer remained applicable to biological products since January 2026.

From sales channel perspective, the increase of our total revenue in 5M2026 compared to that in 5M2025 was mainly driven by (i) a steady revenue growth of 7.5% via direct sales, supported by our established cooperation with large scale customers that boosted procurement volumes in domestic market, and (ii) a continuing robust revenue growth of 91.2% via exports following our continued execution of the overseas market strategy, the provision of epidemiological investigation and technical services across key markets including Pakistan, Egypt, Vietnam and Nigeria, alongside the continued product registrations and expansion into new countries, partially offset by a revenue decrease by 56.4% or RMB23.7 million in government procurement due to a declined involvement in tendering processes such as spring bird flu programs awarded from government agencies.

Cost of sales

Our cost of sales increased by 2.1% from RMB250.0 million in 5M2025 to RMB255.3 million in 5M2026, primarily attributable to the rise in staff costs by 10.1% due to social insurance contributions and the increase in material costs by 1.5%, partially offset by a decrease in depreciation and amortisation.

Gross profit and gross profit margin

Our gross profit increased by 5.7% from RMB238.3 million in 5M2025 to RMB251.8 million in 5M2026. Our gross profit margin improved from 48.8% in 5M2025 to 49.7% in 5M2026, primarily attributable to a shift towards higher-margin varieties within our traditional Chinese veterinary medicine and antibody products, leading to an increase in their gross profit margins from 24.4% to 40.4% and from 42.5% to 50.7%, respectively, as well as enhanced cost efficiencies from production scale expansion and procurement optimisation, alongside a decreased proportion of sales to distributors.

Other income and gains

Our other income and gains increased by 16.7% from RMB5.1 million in 5M2025 to RMB6.0 million in 5M2026, primarily attributable to higher government grants recognised during the period, partially offset by decreases in bank interest income and interest income from loans.

Selling and distribution expenses

Our selling and distribution expenses decreased by 4.4% from RMB109.4 million in 5M2025 to RMB104.6 million in 5M2026, primarily due to (i) a decrease of RMB8.3 million in marketing expenses, reflecting our cost-saving initiatives implemented to mitigate the impact of the VAT rate increase; and (ii) a decrease of RMB0.2 million in depreciation and amortisation due to the disposal of certain sales-related assets, partially offset by an increase in staff costs of 4.0% due to higher social security contributions and sales commissions commensurate with revenue growth.

Administrative expenses

Our administrative expenses increased by 25.6% from RMB32.9 million in 5M2025 to RMB41.4 million in 5M2026, primarily due to (i) an increase of RMB2.4 million in staff costs attributable to higher social security contributions; (ii) higher taxes and levies of RMB1.3 million arising from increased VAT payments following the VAT rate adjustment; and (iii) increased [**REDACTED**] expenses of [**REDACTED**] as we advanced our [**REDACTED**] preparations.

R&D expenses

Our R&D expenses increased by 17.2% from RMB34.0 million in 5M2025 to RMB39.9 million in 5M2026, primarily attributable to (i) an increase of RMB4.0 million in technical and cooperation fees reflecting new collaborative R&D projects; and (ii) higher staff costs of RMB1.1 million due to social security contribution increases.

Impairment losses on financial assets (net)

Our impairment losses on financial assets (net) decreased by 97.4% from RMB16.8 million in 5M2025 to RMB0.4 million in 5M2026, primarily due to the reversal of prior impairment provisions following recoveries from government tender receivables as a result of collections during the current period.

Other expenses

Our other expenses decreased by 22.0% from RMB2.4 million in 5M2025 to RMB1.9 million in 5M2026, primarily due to lower impairment losses on property, plant and equipment during the period, partially offset by a foreign exchange loss of RMB1.1 million recognised in 5M2026, compared to nil in 5M2025.

Finance costs

Our finance costs decreased by 28.1% from RMB15.0 million in 5M2025 to RMB10.8 million in 5M2026, primarily attributable to (i) lower interest on interest-bearing bank and other borrowings resulting from debt repayment and refinancing at lower interest rates; (ii) reduced leasing interest expenses; (iii) the settlement of our convertible bonds, the interest of which was nil recognised in 5M2026, compared to RMB1.1 million recognised in 5M2025.

Income tax expenses

Our income tax expense increased by 55.5% from RMB4.9 million in 5M2025 to RMB7.6 million in 5M2026, primarily due to our higher profit before tax in 5M2026.

Profit for the period

As a result of the foregoing, our profit for the period increased by 82.8% from RMB27.9 million in 5M2025 to RMB51.1 million in 5M2026. Our net profit margin for the period increased from 5.7% in 5M2025 to 10.1% in 5M2026.

Year ended 31 December 2025 Compared to Year ended 31 December 2024

Revenue

Our total revenue increased by 21.6% from RMB981.8 million in FY2024 to RMB1,194.3 million in FY2025, primarily due to a shift towards higher valued-added key products with continuing customer expansion by way of varied sales channels:

From a product mix perspective, revenue from veterinary biological products, which accounted for 67.5% of total revenue in FY2025, increased by 27.8% from RMB630.5 million in FY2024 to RMB805.5 million in FY2025 and was mainly driven by the sales growth of vaccines products and transfer factors. (i) Revenue from vaccine products including key products such as avian influenza vaccines, Newcastle disease vaccines and mycoplasma vaccines, grew by 32.3% year-on-year along with our successful implementation of the Targeted Prevention and Control model tailored for our large scale farms with economies of scale. This growth was supported by the continued expansion of the veterinary vaccine market in FY2025, driven by increasing overseas demand and continued innovation in vaccine products. In particular, according to CIC, China's exports of veterinary vaccines increased from RMB381.0 million in FY2024 to RMB607.7 million in FY2025, representing a year-on-year increase of 59.5%, while veterinary vaccine products continued to evolve toward more diversified and innovative formats, including multivalent vaccines and DNA vaccines and conventional vaccines. (ii) In addition, revenue from transfer factor products increased by 25.5% year-on-year which was primarily driven by increasing demand from our large scale customers who have an increasing perception of functional advantages in vaccine adjuvants, immunosuppression alleviation and treatment support. As regards certain of our other products, sales of chemical and drug formulations increased by 5.1% from RMB199.7 million in FY2024 to RMB209.8 million in FY2025 which reflected organic growth aligned with our expanding market presence and an increase in sales of feed and feed additives by 21.4% from RMB56.0 million in FY2024 to RMB68.0 million in FY2025 attributable to our diagnostic capabilities to analyse pathogenic samples directly from farms and customise offerings to our clients.

In terms of sales channels, benefiting from the improvement of our sales team and enhanced marketing activities starting from early 2025, and supported by our broad product portfolio and R&D capabilities, we were able to increase our sales to large scale farms by leveraging the continuously deepening and stable business relationships with them in the domestic market as well as more diversified customers in the overseas market. Our direct sales increased by 21.6% from RMB683.3 million in FY2024 to RMB830.7 million in FY2025, supported by our integrated solution packages; while export sales surged by 136.2% from RMB28.3 million in FY2024 to RMB66.8 million in FY2025, supported by the measures we adopted in overseas markets, including the establishment of technical service teams and establishing dedicated pathogen databases for overseas regions. Lastly, our sales to government agencies also rose by 30.4% from RMB73.5 million in FY2024 to RMB95.8 million in FY2025, mainly due to successful tender awards from local agricultural and rural affairs bureaus in Shandong province for fertilisers procurement under plant protection projects and from animal disease prevention and control centres in various provinces for avian influenza H5 vaccine procurement.

Cost of sales

Our cost of sales increased by 14.4% from RMB529.9 million in FY2024 to RMB606.0 million in FY2025. Such increase was mainly attributable to the rise in sales revenue during the same period, with cost of sales exhibiting the same trend as revenue.

Gross profit and gross profit margin

Our gross profit increased by 30.2% from RMB451.9 million in FY2024 to RMB588.3 million in FY2025. Our gross profit margin rose from 46.0% in FY2024 to 49.3% in FY2025, mainly due to a higher revenue contribution from our veterinary biological products, which generally carry higher gross profit margins than chemical and drug formulations and traditional Chinese veterinary medicine, together with the increase of overseas sales, which also primarily

consisted of veterinary biological products resulting in an overall increase in our gross profit margin through a more favourable product mix. Our expansion in revenue also helped us to better achieve economies of scale and cost efficiency.

Other income and gains

Our other income and gains decreased by 50.6% from RMB31.7 million in FY2024 to RMB15.7 million in FY2025, primarily attributable to the decrease in our government grants.

Our government grants decreased from RMB28.7 million in FY2024 to RMB11.9 million in FY2025, representing a decline of 58.5%. The decrease was mainly due to not receiving certain revenue-related government grants during the period.

Selling and distribution expenses

Our selling and distribution expenses increased by 17.5% from RMB222.1 million in FY2024 to RMB260.8 million in FY2025, primarily due to (i) an increase of RMB33.5 million in marketing expenses, due to our increased marketing efforts to promote revenue growth during the same period; and (ii) an increase of RMB7.3 million in staff costs resulting from higher average remuneration given to our sales and marketing personnel reflecting our increased focus on product promotion, to further expand market coverage and enhance the market penetration rate of our core products.

Administrative expenses

Our administrative expenses increased by 8.1% from RMB82.6 million in FY2024 to RMB89.3 million in FY2025 primarily due to (i) an increase of [**REDACTED**] in [**REDACTED**] expenses as we progressed with our [**REDACTED**] plan; (ii) an increase of RMB1.1 million in depreciation and amortisation; and (iii) higher consulting service fees of RMB0.8 million.

R&D expenses

Our R&D expenses increased by 17.7% from RMB81.3 million in FY2024 to RMB95.7 million in FY2025, primarily attributable to the significant expansion of our R&D team in 2024, which led to higher staff costs. During the same period, we also invested heavily in R&D personnel and technical platforms as we made substantial preparations for future product development, while in subsequent periods our R&D expenses remained relatively steady.

Impairment losses on financial assets (net)

Our impairment losses on financial assets (net) remained relatively stable with an increase of 0.9% from RMB25.0 million in FY2024 to RMB25.3 million in FY2025.

Other expenses

Our other expenses increased significantly from RMB4.6 million in FY2024 to RMB70.6 million in FY2025 primarily due to (i) the impairment of goodwill of RMB28.5 million; and (ii) the impairment of property, plant and equipment and other intangible assets of RMB38.4 million, of which RMB30.5 million related to Shandong Haili. In FY2025, the utilisation rate of the production facilities of Shandong Haili did not meet our expectations, driven by reduced orders amid an industry-wide slowdown from downstream sectors in the swine farming industry. Accordingly, we recognised impairment losses of RMB59.0 million in aggregate in respect of the goodwill and long-term assets of Shandong Haili.

Finance costs

Our finance costs decreased by 10.7% from RMB36.3 million in FY2024 to RMB32.4 million in FY2025. Such decrease was primarily attributable to the refinancing of some of our loans with loans of a lower interest rate and the settlement of our convertible bonds.

Income tax expenses

Our income tax expense increased by 474.3% from RMB3.2 million in FY2024 to RMB18.4 million in FY2025, notwithstanding the decrease in our profit before tax from RMB31.3 million to RMB29.3 million. Our effective tax rate increased from 10.3% for FY2024 to 63.0% for FY2025, primarily because (i) impairment of goodwill of RMB28.5 million was not deductible for tax purposes, (ii) the tax effect of expenses not deductible for tax increased from RMB2.3 million to RMB9.8 million and (iii) the tax effect of tax losses and deductible temporary differences not recognised increased from RMB8.0 million to RMB14.6 million.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 61.5% from RMB28.1 million in FY2024 to RMB10.8 million in FY2025, primarily due to the impairment losses of RMB66.9 mililon recognised on goodwill, property, plant and equipment and other intangible assets, of which RMB59.0 million related to Shandong Haili, as well as higher selling and distribution expenses and R&D expenses and lower other income and gains. Excluding [**REDACTED**] expenses and impairment losses in respect of Shandong Haili, our adjusted net profit (non-HKFRS measure) increased from RMB28.1 million in FY2024 to RMB75.8 million in FY2025. See "— Non-HKFRS Financial Measures" in this section.

Year ended 31 December 2023 compared to Year ended 31 December 2024

Revenue

Our revenue remained relatively stable at RMB984.6 million in FY2023 and RMB981.8 million in FY2024.

Cost of sales

Our cost of sales remained relatively stable, with a slight increase of approximately 0.3% from RMB528.3 million in FY2023 to RMB529.9 million in FY2024.

Gross profit and gross profit margin

Our gross profit remained relatively stable at RMB456.3 million in FY2023 and RMB451.9 million in FY2024, primarily due to the decrease in revenue in the same period. Our gross profit margin remained relatively stable at 46.3% in FY2023 and 46.0% in FY2024, primarily due to the fact that the decline in revenue slightly outpaced the reduction in cost of sales during the same period.

Other income and gains

Our other income and gains increased by 89.1% from approximately RMB16.8 million in FY2023 to RMB31.7 million in FY2024, mainly due to an increase in government grants related to production capacity, talent development and R&D received in FY2024.

Selling and distribution expenses

Our selling and distribution expenses increased by 7.6% from RMB206.3 million in FY2023 to RMB222.1 million in FY2024, primarily due to an increase in staff costs resulting from higher average remuneration for our sales and marketing personnel.

Administrative expenses

Our administrative expenses remained relatively stable, with a slight decrease of approximately 3.0% from RMB85.1 million in FY2023 to RMB82.6 million in FY2024, primarily due to lower consulting service expenses and reduced staff costs resulting from staff cost optimisation measures, partially offset by increases in office and business entertainment expenses.

R&D expenses

Our R&D expenses increased by 17.9% from RMB69.0 million in FY2023 to RMB81.3 million in FY2024, mainly attributable to our enhanced R&D efforts during the same period, leading to (i) an increase of RMB4.2 million in technology and cooperation expenditures for new product development in collaboration with certain other corporations in the animal health industry; (ii) an increase of RMB3.3 million in depreciation and amortisation costs affected by additional equipment investments for R&D activities; (iii) an increase of RMB3.0 million in staff costs resulting from increased R&D personnel and higher average remuneration for such R&D personnel; and (iv) an increase of RMB1.6 million in material costs stemming from expanded R&D activities.

Finance costs

Our finance costs remained relatively stable, with a change of 0.7% from RMB36.6 million in FY2023 to RMB36.3 million in FY2024.

Income tax expenses

Our income tax expense decreased by 64.6% from RMB9.1 million in FY2023 to RMB3.2 million in FY2024, mainly attributable to lower profit recorded during the period and the availability of additional deductible allowances arising from our R&D expenses.

Profit for the year

Based on the foregoing, our profit for the year decreased by approximately 19.1% from RMB34.8 million in FY2023 to RMB28.1 million in FY2024, primarily attributable to an increase in selling and distribution expenses by 7.6% or RMB15.8 million from RMB206.3 million in FY2023 to RMB222.1 million in FY2024, driven by higher staff remuneration as we intensified our market development efforts and expanded our sales capabilities, and an increase in R&D expenses by 17.9% or RMB12.3 million from RMB69.0 million in FY2023 to RMB81.3 million in FY2024, reflecting higher technology and cooperation expenditures for collaborative new product development, additional depreciation and amortisation from new equipment, and increased staff and material costs from our expanded R&D activities. These increases in expenses occurred while our revenue remained relatively stable, recording a slight decrease of 0.3%, which resulted in the decline in profit for the year.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets/(Liabilities)

The following table sets forth our current assets, current liabilities and net current liabilities as at the dates indicated:

	As at 31 December			As at 31 May	As at 31 August
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
CURRENT ASSETS					
Inventories	164,914	174,481	175,949	157,239	160,136
Trade and bills receivables	430,254	421,154	398,871	454,592	423,460
Prepayments, other receivables and other assets	81,367	110,959	93,270	73,576	83,171
Restricted cash	184	27,545	27,593	27,771	28,381
Pledged deposits	30,607	26,297	24,012	21,011	17,045
Cash and cash equivalents	163,273	100,561	157,948	112,062	114,267
Total current assets	**870,599**	**860,997**	**877,643**	**846,251**	**826,460**

	As at 31 December			As at 31 May	As at 31 August
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
CURRENT LIABILITIES					
Trade and bills payables	153,550	165,058	182,145	145,887	150,935
Other payables and accruals	318,066	298,457	231,405	215,858	175,022
Interest-bearing bank and other borrowings	604,491	514,943	474,390	402,608	386,682
Lease liabilities	–	31,747	6,884	4,101	4,147
Tax payable	4,133	298	2,513	3,844	2,930
Total current liabilities	1,080,240	1,010,503	897,337	772,298	719,716
NET CURRENT ASSETS/ (LIABILITIES)	**(209,641)**	**(149,506)**	**(19,694)**	**73,953**	**106,744**

We recorded net current liabilities as at 31 December 2023, 2024 and 2025, where our net current liabilities decreased from RMB209.6 million as at 31 December 2023 to RMB149.5 million as at 31 December 2024, further significantly decreased to RMB19.7 million as at 31 December 2025. We turned to a net current asset position of RMB74.0 million as at 31 May 2026 and increased to RMB106.7 million as at 31 August 2026. This turnaround is primarily due to a combination of (i) our positive cashflow generated from operating activities, in particular the significant net cash inflow of RMB226.1 million for the year ended 31 December 2025 together with (ii) the improvement of our financing structure by reducing the current portion of our interest-bearing bank and other borrowings during the Track Record Period. We aim to continuously maintain positive cash flows from operations and manage working capital more efficiently. We plan to drive revenue growth by expanding our customer base, in particular the large scale poultry and livestock farms, through continuous enhancement of our products, and strengthening our presence in overseas markets. We will continue to improve our liquidity by further enhancing receivables collection, optimising inventory turnover, controlling discretionary expenditure and maintaining prudent management of borrowings and other current liabilities.

Finance resources

During the Track Record Period, our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. Our working capital needs and capital expenditure requirements have been principally financed through a combination of cash generated from operations and bank borrowings.

We had cash and cash equivalents of RMB163.3 million, RMB100.6 million, RMB157.9 million and RMB112.1 million as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, bank borrowings and the net [**REDACTED**] received from the [**REDACTED**].

Cash flows

The following table sets out our cash flows for the periods indicated:

	Years ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows from operating activities	125,704	117,176	226,064	40,014	18,578
Net cash flows used in investing activities	(242,195)	(96,068)	(56,938)	(15,261)	(7,814)
Net cash flows from/(used in) financing activities	26,659	(83,820)	(111,674)	22,756	(56,538)
Cash and cash equivalents at beginning of year	253,105	163,273	100,561	100,561	157,948
Effect of foreign exchange rate changes, net	–	–	(65)	–	(112)
Cash and cash equivalents at end of year	163,273	100,561	157,948	148,070	112,062

Net cash generated from operating activities

Net cash generated from operating activities primarily comprises our profit before tax for the year primarily adjusted by (i) interest income; (ii) depreciation of assets; (iii) amortisation of other intangible assets; (iv) impairment of assets; (v) income tax expense, and (vi) changes in working capital.

In FY2023, our net cash generated from operating activities was RMB125.7 million, which was primarily attributable to profit before tax of RMB43.8 million, as adjusted by finance costs of RMB36.6 million and non-cash expenses, the largest items of which throughout the Track Record Period are impairment losses on financial instruments (including trade and bills receivables, and prepayments, other receivables and other assets) of RMB25.2 million and depreciation of property, plant and equipment of RMB57.3 million. During FY2023, the changes in working capital of our Group were mainly increase in trade and bills receivables of RMB95.5 million, and decrease in trade and bills payables of RMB106.2 million.

In FY2024, our net cash generated from operating activities was RMB117.2 million, which was primarily attributable to profit before tax of RMB31.3 million, as adjusted by finance costs of RMB36.3 million and non-cash expenses as similar to FY2023, with impairment losses on financial instruments (including trade and bills receivables, and prepayments, other receivables and other assets) amount to RMB25.0 million and depreciation of property, plant and equipment of RMB63.8 million, being the two largest non-cash expenses. During FY2024, the changes in working capital of our Group were mainly increase in inventory of RMB18.2 million, increase in pledged deposits and restricted cash of RMB23.1 million, and decrease in other payables and accruals of RMB19.6 million.

In FY2025, our net cash generated from operating activities was RMB226.1 million, which was primarily attributable to profit before tax of RMB29.3 million, as primarily adjusted by (i) depreciation of property, plant and equipment of RMB65.5 million; (ii) impairment losses on financial instruments of RMB25.3 million; and (iii) paid income tax expense of RMB14.9 million.

In 5M2026, our net cash generated from operating activities was RMB18.6 million, which was primarily attributable to profit before tax of RMB58.7 million, as primarily adjusted by (i) depreciation of property, plant and equipment of RMB25.7 million; (ii) finance costs of RMB10.8 million; and (iii) impairment losses on financial instruments of RMB0.4 million.

Net cash used in investing activities

In FY2023, our net cash used in investing activities was RMB242.2 million which was primarily attributable to purchase of items of property, plant and equipment, and other intangible assets of RMB121.0 million, acquisitions of a subsidiary of RMB109.8 million, and loans to third parties of RMB12.1 million.

In FY2024, our net cash used in investing activities was RMB96.1 million which was primarily attributable to purchase of items of property, plant and equipment, and other intangible assets of RMB58.6 million, and loans to third parties of RMB38.7 million.

In FY2025, our net cash used in investing activities was RMB56.9 million, which was primarily attributable to purchase of items of property, plant and equipment, and other intangible assets of RMB40.6 million.

In 5M2026, our net cash used in investing activities was RMB7.8 million, which was primarily attributable to proceeds from collection of loans to third parties of RMB14.3 million and the proceeds from disposal of property, plant and equipment and other intangible assets of RMB0.4 million, partially offset by the purchase of items of property, plant and equipment of approximately RMB21.8 million.

Net cash used in financing activities

In FY2023, our net cash generated from financing activities was RMB26.7 million which was primarily attributable to proceeds from new bank and other borrowings of RMB526.4 million. This was partially offset by repayment of bank and other borrowings of RMB469.7 million.

In FY2024, our net cash used in financing activities was RMB83.8 million which was primarily attributable to repayment of bank and other borrowings of RMB474.5 million, acquisition of non-controlling interests of RMB15.0 million and interest paid of RMB37.1 million. This was partially offset by proceeds from bank and other borrowings of RMB444.4 million.

In FY2025, our net cash used in financing activities was RMB111.7 million which was primarily attributable to repayment of bank and other borrowings of RMB660.0 million, refund of investments from third parties of RMB64.0 million, and repayment of interest of RMB44.0 million. This was partially offset by proceeds from bank and other borrowings of RMB662.6 million.

In 5M2026, our net cash used in financing activities was RMB56.5 million which was primarily attributable to repayment of bank and other borrowings of RMB356.5 million, repayment of interest of RMB9.6 million and payment for deferred [**REDACTED**] expense of [**REDACTED**]. This was partially offset by proceeds from bank and other borrowings of RMB313.7 million.

WORKING CAPITAL CONFIRMATION

Taking into account the estimated [**REDACTED**] from the [**REDACTED**], cash and cash equivalents and cash flows from our operations, and in the absence of unforeseen circumstances, our Directors are of the opinion that we have sufficient working capital to meet our financial requirements for at least the 12 months from the date of this document.

Our Directors confirm that we did not have any material defaults on trade and non-trade payables and borrowings, breaches of covenants, during the Track Record Period and up to the date of this document.

DESCRIPTION OF SELECTED ITEMS OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets out selected information from our statements of financial position as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	736,757	700,402	628,651	610,681
Right-of-use assets	88,754	82,097	77,101	75,489
Goodwill	54,689	54,689	26,195	26,195
Other intangible assets	57,359	53,635	44,873	48,435
Investment in associates	1,005	473	1,096	858
Deferred tax assets	29,699	34,276	33,665	32,946
Prepayments, other receivables and other assets	37,952	49,765	35,910	38,391
Total non-current assets	1,006,215	975,337	847,491	832,995
CURRENT ASSETS				
Inventories	164,914	174,481	175,949	157,239
Trade and bills receivables	430,254	421,154	398,871	454,592
Prepayments, other receivables and other assets	81,367	110,959	93,270	73,576
Restricted cash	184	27,545	27,593	27,771
Pledged deposits	30,607	26,297	24,012	21,011
Cash and cash equivalents	163,273	100,561	157,948	112,062
Total current assets	870,599	860,997	877,643	846,251
CURRENT LIABILITIES				
Trade and bills payables	153,550	165,058	182,145	145,887
Other payables and accruals	318,066	298,457	231,405	215,858
Interest-bearing bank and other borrowings	604,491	514,943	474,390	402,608
Lease liabilities	–	31,747	6,884	4,101
Tax payable	4,133	298	2,513	3,844
Total current liabilities	1,080,240	1,010,503	897,337	772,298
NET CURRENT ASSETS/(LIABILITIES)	(209,641)	(149,506)	(19,694)	73,953
TOTAL ASSETS LESS CURRENT LIABILITIES	796,574	825,831	827,797	906,948
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	48,788	104,181	135,715	165,999
Lease liabilities	72,540	44,088	18,018	18,355
Deferred tax liabilities	422	366	3,261	3,126
Government grants	30,709	39,177	32,218	30,061
Other payables and accruals	36,574	17,350	4,142	3,982
Total non-current liabilities	189,033	205,162	193,354	221,523
Net assets	607,541	620,669	634,443	685,425

Note: Prior to the Track Record Period, our Company entered into capital increase agreements with certain [**REDACTED**] Investors for an aggregate consideration of approximately RMB280 million recorded as share capital and reserves.

Our Company provided joint and several guarantees to Zhongtai Venture Capital and Shandong Jifu in respect of the joint redemption rights granted by Li Zhaoyang and Intime International. In October and December 2025, supplemental agreements were entered into pursuant to which such joint redemption rights were terminated and deemed void ab initio. Having regard to the governing law of the supplemental agreements and the applicable regulatory framework, the Directors considered it appropriate to present the [**REDACTED**] Investments as equity throughout the Track Record Period.

For details of the joint redemption rights and the associated financial impacts, please refer to Note 27 to the Accountants' Report in Appendix I to this document and the section headed "History, Development and Corporate Structure — The [**REDACTED**] Investments — (2) Rights of the [**REDACTED**] Investors".

Property, Plant and Equipment

Our property, plant and equipment mainly consists of buildings, machinery, vehicles, computer and office equipment, leasehold improvement and construction in progress, the carrying amount of which amounted to RMB736.8 million, RMB700.4 million and RMB628.7 million and RMB610.7 million as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively. During the Track Record Period, the decrease in the net value of our property, plant and equipment was mainly attributable to the provision of depreciation in accordance with relevant accounting standards and policies.

Right-of-use Assets

Our right-of-use assets mainly represent the carrying amounts of leased land and land use rights, as well as leased buildings. Our right-of-use assets decreased from RMB88.8 million as at 31 December 2023 to RMB82.1 million as at 31 December 2024, and further decreased to RMB77.1 million as at 31 December 2025 and RMB75.5 million as at 31 May 2026, which was mainly due to amortisation.

Goodwill

Goodwill from business combinations is allocated to the Shandong Haili cash-generating unit for impairment testing. The recoverable amount is determined using a value-in-use method based on management-approved five-year cash flow projections, with key assumptions including budgeted gross margin, a terminal growth rate of 2%, and pre-tax discount rates of 17.77%, 17.76%, 16.37% and 16.43% for FY2023, FY2024, FY2025 and 5M2026, respectively. The unit had headroom of RMB37,896,000, RMB35,371,000, nil and RMB7,455,000 at the end of each of FY2023, FY2024, FY2025 and 5M2026, but a reasonably possible change in assumptions could result in further goodwill impairment. In particular, for FY2023, FY2024, FY2025 and 5M2026, further impairment would arise if the budgeted gross margin fell, or if the pre-tax discount rate increased, or if the terminal growth rate declined beyond the stated sensitivity ranges. For further details, please refer to Note 15 to the Accountants' Report in Appendix I to this document.

Intangible Assets

Our intangible assets mainly include patents, licenses, trademarks and software, the carrying amount of which decreased from RMB57.4 million as at 31 December 2023 to RMB53.6 million as at 31 December 2024, and further decreased to RMB44.9 million as at 31 December 2025 and increased to RMB48.4 million as at 31 May 2026. The downward trend was mainly due to amortisation, while the slight increase in 5M2026 was mainly due to newly acquired patents and software.

Inventories

Our inventories mainly include raw materials, work in progress and finished goods, with finished goods being the largest components, the balance of which accounted for 46.1%, 47.9%, 55.7% and 54.0% for FY2023, FY2024, FY2025 and 5M2026, respectively.

The following table sets out a breakdown of our inventories as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	64,392	68,750	46,606	44,388
Work in progress	24,532	22,130	31,420	27,900
Finished goods	75,990	83,601	97,923	84,951
Total	**164,914**	**174,481**	**175,949**	**157,239**

Our inventories increased by approximately 5.8% from RMB164.9 million as at 31 December 2023 to RMB174.5 million as at 31 December 2024, primarily due to the storage of inventories in order to meet customer demands for our products.

Our inventories increased slightly by approximately 0.8% from RMB174.5 million as at 31 December 2024 to RMB175.9 million as at 31 December 2025, primarily due to improved efficacy of our supply chain management and cost control measures. Further, by the end of FY2024, our Company had purchased additional inventories in anticipation of higher sales in the first quarter of 2025, which contributed to the higher year-end balance. As FY2025 progressed further from the year-end, the inventory balance reflected the consumption of such raw materials and preparations, resulting in a lower level of inventories as at 31 December 2025. Our inventories decreased by approximately 10.6% from RMB175.9 million as at 31 December 2025 to RMB157.2 million as at 31 May 2026, primarily due to the optimisation of our procurement strategy to reduce raw material safety inventory, and the ordinary progression of our year-end stocking and mid-year consumption cycle, under which inventory accumulated at year-end for sales and production plans is gradually drawn down through inventory utilisation in the normal course of business. Overall, these factors contributed to a slower pace of inventory growth and improved inventory turnover efficiency.

The following table sets out the number of our inventory turnover days for the respective years:

	FY2023	FY2024	FY2025	5M2026
Inventory turnover days[(1)]	107	117	106	101

Note (1): Inventory turnover days for each period equals the average of the beginning and ending balances of inventory for that period divided by cost of sales for that period and multiplied by 365 for each of FY2023, FY2024 and FY2025 and 151 days for 5M2026.

Our inventory turnover days increased from 107 days in FY2023 to 117 days in FY2024, primarily due to an increase in inventory balances. Our inventory turnover days decreased from 117 days in FY2024 to 106 days in FY2025, and further decreased to 101 days in 5M2026 primarily due to our optimisation of purchasing strategy and reduction of safety stock of raw materials, resulting in a decrease in inventory balances across these periods.

As at 31 August 2026, RMB81.1 million, or 51.6%, of our inventories as at 31 May 2026 has been subsequently utilised and/or sold.

The table below sets out an ageing analysis of our inventories as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	155,949	163,192	168,231	149,700
1-2 years	7,221	8,314	4,166	5,079
2-3 years	1,647	2,752	2,537	2,044
Over 3 years	97	223	1,015	416
Total	**164,914**	**174,481**	**175,949**	**157,239**

Trade and bills receivables

The table below sets out the breakdown of trade and bill receivables as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts receivables	459,979	461,227	457,531	510,997
Bills receivables	4,220	14,297	13,401	18,673
Impairment	(33,945)	(54,370)	(72,061)	(75,078)
Total	**430,254**	**421,154**	**398,871**	**454,592**

Our trade receivables were mainly related to products sold to our customers and consisted of outstanding amounts receivable by us from our customers. Our Group's trading terms with our customers are mainly on credit except for distributors, where payment in advance is normally required. Our bills receivable were mainly receipts from the sales to customers.

Our trade and bills receivables decreased from RMB430.3 million as at 31 December 2023 to RMB421.2 million as at 31 December 2024, and further to RMB398.9 million as at 31 December 2025 mainly because our Company actively liaised with customers with outstanding balances and undertook targeted collection efforts to accelerate settlement of receivables together with an increase in impairment allowances arising from more prudent expected credit loss provisioning, resulting in a lower overall balance. Our trade and bills receivables increased from RMB398.9 million as at 31 December 2025 to RMB454.6 million as at 31 May 2026, mainly due to revenue growth during the same period, and an increase in receivables within credit terms via direct sales with large scale customers, and an increase in receivables from government procurement, the administrative procedure of which normally involves the local state treasuries to review product quality compliance, process cross-departmental documentation, and formally release the relevant fiscal funds that are customarily concentrated and approved towards the end of each financial year.

The following table sets forth an ageing analysis of our trade receivables, based on invoice date and net of loss allowance, as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	371,561	356,749	344,833	393,971
1 to 2 years	41,986	43,788	33,327	34,801
2 to 3 years	12,487	6,320	7,310	7,147
Total	**426,034**	**406,857**	**385,470**	**435,919**

We normally grant our customers a credit term of 30 to 180 days. We seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly and followed up by us. In assessing the recoverability of the relevant outstanding trade and bills receivable, we take into account financial position of our customers, their credit rating and credit history, the length of our relationships with them, and other factors such as market or environment conditions that may adversely affect their ability to meet their payment obligations to us. With the continued development of large scale livestock farming in China, large scale farms have become major customers of large animal health companies. According to CIC, large animal health companies generally offer credit terms to large scale customers, under which products are delivered before payment is made. In particular, our trade receivables aged over one year primarily arose from our large scale customers and government tenders for which settlement periods may exceed our standard credit terms due to factors such as internal payment approval processes, products acceptance procedures and, in the case of government tenders, government budget approval and payment cycles, which are typically longer than commercial payment timelines. We maintain active communication through reconciliation letters and correspondence to support our ongoing business relationships with them and to monitor collection. We have historically also adjusted credit terms for certain customers facing financial difficulties, while conducting separate due diligence on such customers to manage collection risk, which may result in settlement periods extending beyond our standard credit terms. We normally do not hold any collateral or other credit enhancements over our trade receivable balances. Trade receivables are non-interest-bearing.

Although the credit terms we grant to customers are generally within one year, we still had some trade receivables aged over one year as at 31 December 2023, 2024, 2025 and 31 May 2026, primarily due to the budget approval and fiscal fund disbursement cycle of government procurement and the downstream concentration of the animal health industry, where large scale farms have stronger bargaining power and actual payment cycles generally exceed contractual credit terms, consistent with industry practice. For customers with continuing business relationships with us, we may extend the payment period to over 12 months in consideration of their financial conditions. In addition, it takes time for large scale farms and local government agencies to review, monitor and verify the authenticity of the sales and delivery of our animal health products before they make final settlement. Therefore, animal health companies, such as our Group, may face prolonged settlement with some of their customers.

We have adopted the following measures, among others, to monitor and control our outstanding trade receivables:

- keeping records of overdue receivables and requiring sales personnel to communicate with customers regarding the payment plans in advance;
- sending payment notices to customers prior to the payment due date;
- undertaking various measures to collect overdue payments, including (i) negotiate with customers to formulate payment plans and monitor the implementation; (ii) send overdue payment notices to customers; and (iii) consider to initiate legal proceedings as necessary;
- making full provision for bad debts on an individual basis for their accounts receivable for customers who are listed on the list of enterprises with serious violations of laws and regulations and are expected to be unable to pay for us, or who are unable to recover the amount through litigation;
- maintaining and regularly updating a list of defaulting customers on a monthly basis and designating personnel to collect overdue payments; and
- monitoring industry policies and macroeconomic environment, tracking customers' creditworthiness and business status in a timely manner, designating personnel to collect the trade receivables of key customers on a regular basis, and rewarding or punishing relevant personnel according to the collection situation.

As at 31 December 2023, 2024, 2025 and 31 May 2026, our trade receivables impairment amounted to RMB33.9 million, RMB54.4 million, RMB72.1 million and RMB75.1 million, respectively. We formulate our impairment provision policy according to HKFRS 9 and group long-term and short-term trade receivables based on shared credit risk characteristics and estimate the expected credit loss rate of trade receivables on a collective basis based on historical credit loss experiences, with adjustment for forward-looking information such as forecasts of future economic conditions, industry trends and other relevant factors, except for those who are credit-impaired, which are assessed individually. We apply the simplified approach in calculating expected credit losses which requires lifetime expected credit losses to be recognised from the initial recognition of the receivables.

We closely review trade and bills receivables and overdue balances on an ongoing basis and assess its collectability. Our finance and sales teams regularly assess the recoverability of overdue receivables and make impairment provisions where balances are considered unlikely to be recovered. We also monitor collections and retrospectively review prior-period accounting estimates to identify any material discrepancies. Any such discrepancy will be reflected in the carrying amounts of trade receivables and the impairment loss for the relevant period in which such estimate is adjusted.

As a result of the foregoing, we have not identified any recoverability issues with respect to trade and bills receivables.

As at 31 August 2026, RMB156.8 million, or 36.0%, of our trade receivables outstanding as at 31 May 2026 had been subsequently settled.

The following table sets out our trade and bills receivables turnover days during the Track Record Period:

	FY2023	FY2024	FY2025	5M2026
Trade and bills receivables turnover days[(1)]	145 days	158 days	125 days	126 days

Note (1): Trade and bills receivable turnover days are calculated by dividing the average of the beginning and ending trade and bill receivables balances of the year/period by revenue for the year/period and multiplied by the number of days in the relevant year/period.

Our trade and bills receivable turnover days slightly increased from 145 days for FY2023 to 158 days for FY2024. Our trade and bills receivable turnover days decreased from 158 days for FY2024 to 125 days for FY2025 due to our strengthened customer credit management and collection efforts, and increased from 125 days for FY2025 to 126 days for 5M2026, due to our increased sales revenue.

We have taken a number of measures to enhance the timeliness of payment and improve the collection rate of trade and bills receivables, thereby ensuring that payments are recouped more efficiently. Since 2024, our Company's trade and bills receivables have been centrally managed by the Finance Department. A comprehensive accounts receivable management system has been established, and the system introduced strict control measures, including mandatory monthly reviews of overdue receivables and classification of customers into risk categories, with red/yellow warning lists and escalation to the risk control committee or legal department for persistent delinquencies. Customers exceeding approved credit limits or credit terms are subject to stricter restrictions, such as suspension of shipments unless special approval is obtained under the special credit/delivery control measures. We will continue to optimise and enhance our monitoring and collection practices.

Prepayments, other receivables and other assets

The following table sets out a breakdown of our prepayments, other receivables and other assets as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	36,488	44,113	27,360	27,824
Other receivables	46,329	31,316	41,040	38,975
Advance payments for non-current assets	27,702	39,015	24,495	26,951
Loans to third parties	12,300	51,503	32,977	9,475
Loans to related parties	10,329	10,543	15,240	15,140
Deferred [**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deductible input value-added tax	8,732	9,490	12,349	11,629
Right-of-return assets	2,817	2,301	2,461	2,405
Subtotal	144,697	188,281	160,978	140,434
Impairment allowance	(25,378)	(27,557)	(31,798)	(28,467)
Net carrying amount	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Analysed into:				
Current portion	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Non-current portion	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Our prepayments primarily represent advance payments for the purchase of equipment and raw materials, R&D cooperation fees and technical consultation fees. During the Track Record Period, we had also made advance payments for our property, plant and equipment, and we had made loans to a few third parties and related parties. Such loans made to third parties were unsecured and comprised interest-bearing loans at rates ranging from 5% to 6% per annum and interest-free loans, some of which were repayable on demand and fully impaired. Loans to related parties comprised an unsecured, interest-bearing loan to an associate at 7% per annum, repayable on demand and fully impaired, as well as two interest-free loans provided by Beijing Sinder to related parties, one of which is unsecured and fully impaired.

As at 31 August 2026, RMB21.7 million, or 56.5%, of our prepayments, other receivables and other assets as at 31 May 2026 had been subsequently settled.

Trade and bills payables

Our trade and bills payables primarily consist of amounts due in connection with business activities, including the purchase of raw materials and goods as well as payments for labour and related services. Our trade and bills payables increased from RMB153.6 million as at 31 December 2023 to RMB165.1 million as at 31 December 2024, further increased to RMB182.1 million as at 31 December 2025, and subsequently decreased to RMB145.9 million as at 31 May 2026. These changes were within the normal range of fluctuation and consistent with the overall direction of our business scale and operations. We did not have any material defaults in payment of trade and bills payables during the Track Record Period and up to the Latest Practicable Date.

The table below sets out the breakdown of trade and bills payables as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables				
– Accounts payable	144,382	162,098	182,145	145,887
– Bills payable	9,168	2,960	–	–
Total	**153,550**	**165,058**	**182,145**	**145,887**

The table below sets out an ageing analysis of our trade payables as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	123,976	139,876	158,275	97,863
1-2 years	7,076	11,681	11,448	36,469
2-3 years	4,068	1,627	4,918	5,832
Over 3 years	9,262	8,914	7,504	5,723
Total	**144,382**	**162,098**	**182,145**	**145,887**

We normally have a credit term of 30 to 180 days with our suppliers. As at 31 August 2026, RMB68.4 million, or 46.9% of our trade and bills payables as at 31 May 2026 had been subsequently settled.

Other payables and accruals

The table below sets out a breakdown of our other payables and accruals as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	185,877	164,423	72,002	66,645
Contract liabilities	58,034	58,851	70,433	66,364
Accrued payroll	36,203	36,511	34,380	31,644
Other tax payables	13,791	14,716	16,740	25,229
Refund liabilities	5,507	4,473	4,949	4,846
Financial guarantee contracts	18,654	19,483	19,551	20,230
Deferred government grant due to unfulfilled obligations	36,574	17,350	17,492	4,882
Total	**354,640**	**315,807**	**235,547**	**219,840**

Our other payables mainly included (i) deposits from potential investors to our Group amounting to RMB64 million as at 31 December 2023 and 2024, who intended to invest in equity in our Group but such potential investments were not completed subsequently and such deposits were returned to the potential investors in 2025; and (ii) payables related to our R&D and construction work of our production plants.

Our contract liabilities represented prepayment that we normally request our small scale customers to pay in advance.

Our financial guarantee contracts were arisen from three financial guarantees that we historically provided to our related parties, which is also disclosed in Note 33(c) to the Accountants' Report in Appendix I to this document. The balance of financial guarantee contracts as at 31 May 2026 mainly represented the guarantee related to Beijing Sinder which is undergoing court dispute and the details of which is disclosed in the paragraph headed "Legal Proceedings and Compliance" in the "Business" session of this document. The other two financial guarantees provided to related parties as disclosed in Note 33(c) to the Accountants' Report in Appendix I to this document have arisen in the Track Record Period, one of which has already been settled as at the Latest Practicable Date and the other has an outstanding amount of approximately RMB3.4 million as included in other receivables.

As at 31 August 2026, RMB10.0 million, or 4.7%, of our other payables and accruals as at 31 May 2026 had been subsequently settled.

As at 31 August 2026, RMB33.3 million, or 50.2% of our contract liabilities as at 31 May 2026 had been recognised as revenue.

INDEBTEDNESS

The following table sets out our debts as at the dates indicated:

	As at 31 December			As at 31 May	As at 31 August
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Non-current portion					
Interest-bearing bank and other borrowings	48,788	104,181	135,715	165,999	167,144
Lease liabilities	72,540	44,088	18,018	18,355	13,606
Current portion					
Interest-bearing bank and other borrowings	604,491	514,943	474,390	402,608	386,682
Lease liabilities	–	31,747	6,884	4,101	4,147
Total	**725,819**	**694,959**	**635,007**	**591,063**	**571,579**

Borrowings

As at 31 December 2023, 2024, 2025 and 31 May 2026, our Group had bank and other borrowings of RMB653.3 million, RMB619.1 million, RMB610.1 million and RMB568.6 million, representing approximately 51.5%, 50.9%, 55.9% and 57.2% of our total liabilities as at the same dates, respectively.

As at the Latest Practicable Date, we had committed unutilised banking facilities of RMB15 million. Our borrowings are denominated in RMB. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any difficulty in obtaining bank loans and other borrowing, defaulted in the payment of any bank loans and other borrowings or breached covenants.

Lease liabilities

Our Group has lease contracts for various items of plant and properties used in our operations. Lease liabilities is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. Our lease liabilities amounted to RMB72.5 million, RMB75.8 million, RMB24.9 million and RMB22.5 million as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively.

Contingent liabilities

As at the Latest Practicable Date, we did not have any material contingent liabilities.

Indebtedness statement

Except as disclosed above, as at 31 May 2026, we did not have any other material mortgages, charges, debentures, loan capital issued and outstanding or agreed to be issued, debt securities, loans, bank overdrafts, or other similar indebtedness, finance leases or hire purchases commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either secured or unsecured, or guarantees or other material contingent liabilities. Since 31 May 2026 and up to the Latest Practicable Date, there had not been any material change in our indebtedness.

CAPITAL EXPENDITURES

The following table sets out a breakdown of our capital expenditures of the periods indicated:

	Years ended 31 December			Five months ended 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchases of property, plant and equipment	89,904	31,696	25,395	8,160
Addition of right-of-use assets	–	1,683	953	2,197
Additions of other intangible assets	6,579	5,952	9,401	6,993
Total	**96,483**	**39,331**	**35,749**	**17,350**

During the Track Record Period, our capital expenditures declined because major production line upgrades for the new veterinary drug GMP certification had been completed. In aggregate, we invested RMB1.19 billion in our production bases, which have passed the new GMP acceptance and support the production of veterinary biological products, traditional Chinese veterinary medicines and chemical preparations. As a result, annual new capital investment decreased as we shifted from expansion to operational optimisation. This is also reflected in the downward trend in annual additions to fixed assets.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. For details, please refer to section headed "Future Plans and [**REDACTED**]" in this document. We intend to fund our future capital expenditures by a combination of cash generated from our operations, bank borrowings and/or the [**REDACTED**] from the [**REDACTED**].

COMMITMENTS

The table below sets out our contractual commitments as at the dates indicated:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Property, plant and equipment . .	15,922	11,451	4,744	16,596

OFF-BALANCE SHEET COMMITMENTS TO ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transaction, details of which are set out in Note 33 to the Accountants' Report in Appendix I to this document. Our Directors are of the view that the related party transactions were conducted at arm's length and on normal commercial terms and/or that such terms were no less favourable to us than terms available from independent third parties which are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated:

	FY2023	FY2024	FY2025	5M2026
Net profit margin	3.5%	2.9%	0.9%	10.1%
Gross profit margin	46.3%	46.0%	49.3%	49.7%
Return on equity	5.9%	4.4%	1.6%	7.6%
Return on total assets	1.9%	1.5%	0.6%	2.9%
Interest coverage	2.2	1.9	1.9	6.4

Return on equity

For FY2023, FY2024, FY2025 and 5M2026, return on equity represents profit attributable to the owners of the parent for the relevant year or period divided by the average equity attributable to the owners of the parent for that year or period. Our return on equity for FY2023 and FY2024 remained relatively stable at approximately 5.9% and 4.4%, respectively, and decreased to approximately 1.6% for FY2025. Such decrease was mainly attributable to the impairment losses recognised in FY2025, including goodwill impairment of RMB28.5 million and impairment losses on items of property, plant and equipment and other intangible assets of RMB38.4 million, which reduced profit attributable to the owners of the parent from RMB27.2 million in FY2024 to RMB9.9 million in FY2025. For 5M2026, our return on equity was approximately 7.6%.

Return on total assets

For FY2023, FY2024, FY2025 and 5M2026, return on total assets is calculated by the profit for the year divided by the total assets as at the respective year end and multiplied by 100%. Our return on assets for FY2023 and FY2024 remained relatively stable at approximately 1.9% and 1.5%, respectively, and decreased to approximately 0.6% for FY2025. Such decrease was mainly attributable to the impairment losses recognised in FY2025, which

reduced profit for the year from RMB28.1 million in FY2024 to RMB10.8 million in FY2025, while total assets decreased from RMB1,836.3 million as at 31 December 2024 to RMB1,725.1 million as at 31 December 2025. For 5M2026, our return on total assets was approximately 2.9%.

Interest coverage ratio

Interest coverage rate is calculated by the profit before interest and income tax divided by the interest for the respective year. Our interest coverage rate decreased from 2.2 times in FY2023 to 1.9 times in FY2024, mainly due to the decline in our profit, and remained stable at 1.9 times in FY2025.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the Track Record Period, we were principally subject to interest rate risk, credit risk and liquidity risk. Please refer to Note 36 in the Accountants' Report as set out in Appendix I to this document for details.

DIVIDEND AND DIVIDEND POLICY

No dividends have been paid or declared by our Company during the Track Record Period.

Although we do not have a formal dividend policy or a fixed dividend distribution ratio, a decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other factors, the results of our operations, cash flows, financial conditions, our constitution documents, statutory and regulatory restrictions and other factors that we may consider relevant. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

Under PRC laws, distributable reserves consist of net profit calculated according to PRC accounting principles, which, in many aspects, differs from the generally accepted accounting principles in other jurisdictions, including HKFRS Accounting Standards. In addition, as confirmed by our PRC Legal Adviser, PRC laws and regulations also require a PRC-incorporated enterprise to set aside at least 10% of its after-tax profits calculated based on PRC accounting standards each year, if any, to fund certain statutory reserves, which may not be distributed as cash dividends (when the statutory reserve reaches and is maintained at or above 50% of their registered capital, no further allocations to this statutory reserve will be required).

As at 31 May 2026, our Company has reserves available for distribution to our shareholders in an aggregate amount of RMB9.5 million.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

Please refer to the section headed "— A. Unaudited [**REDACTED**] Statement of Adjusted Consolidated Net Tangible Assets" in Appendix II to this document for our unaudited [**REDACTED**] adjusted net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that after the Track Record Period, and up to the date of this document, there has been no material adverse change in our financial or trading position and prospects, and there has been no event since 31 May 2026 which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Based on the [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**]) and assuming the [**REDACTED**] is not exercised, our [**REDACTED**] expenses in relation to the [**REDACTED**] are estimated to be HK$[**REDACTED**] million, representing [**REDACTED**]% of the [**REDACTED**]. The [**REDACTED**] expenses consist of (i) [**REDACTED**] expenses (including [**REDACTED**] and fees) of HK$[**REDACTED**] million, and (ii) [**REDACTED**] expenses of HK$[**REDACTED**] million, which comprise (a) fees and expenses of legal advisers and accountants of HK$[**REDACTED**] million, and (b) other fees and expenses of HK$[**REDACTED**] million.

For FY2025 and 5M2026, we incurred [**REDACTED**] expenses of RMB[**REDACTED**] million and RMB[**REDACTED**] million, respectively, of which RMB[**REDACTED**] million and RMB[**REDACTED**] million was charged to our consolidated statements of profit or loss, and RMB[**REDACTED**] million and RMB[**REDACTED**] million of which was attributable to the issue of Shares and will be charged to equity upon completion of the [**REDACTED**]. We expect to incur additional [**REDACTED**] expenses of RMB[**REDACTED**] million after the Track Record Period, RMB[**REDACTED**] million of which is expected to be charged to our consolidated statements of profit or loss, and RMB[**REDACTED**] million of which is attributable to the issue of Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FUTURE PLANS

See the section headed "Business — Our Strategies" for a detailed description of our future plans.

[REDACTED]

The table below sets forth the estimated [**REDACTED**] of the [**REDACTED**] that we will receive after deduction of [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**]:

	Assuming the [REDACTED] is not exercised	**Assuming the [REDACTED] is exercised in full**
	(in millions of HK$)	
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the low end of the [**REDACTED**] range stated in this document)	[**REDACTED**]	[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] range stated in this document)	[**REDACTED**]	[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the high end of the [**REDACTED**] range stated in this document)	[**REDACTED**]	[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of (i) approximately HK$[**REDACTED**] million (after deducting the [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**]), assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**] stated in this document, and assuming the [**REDACTED**] Option is not exercised or (ii) HK$[**REDACTED**] million, if the [**REDACTED**] Option is exercised in full. We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to our R&D initiatives and expansion of our product portfolio:
    - Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to the development of our innovative biological products and products candidates for poultries, including;
        (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new bivalent hexavalent inactivated vaccine to protect poultries against Newcastle disease, HPAI (H5 and H7 subtype) and LPAI (H9 subtype), which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 2034;
        (ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new inactivated bivalent vaccine to protect poultries against duck viral serositis and HPAI, which is currently at laboratory research and expected to obtain the new veterinary drug certificate by 2034;
        (iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new inactivated vaccine to protect poultries against immunosuppressive diseases such as infectious anaemia and avian reticuloendotheliosis virus, which are currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 4th quarter of 2032; and

(iv) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new quadrivalent inactivated vaccine to protect poultries from Newcastle disease virus, avian influenza virus, infectious bursal disease virus, and infectious serositis, which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 4th quarter of 2034;

All of the above are co-developed by our Group together with national research institutions and/or academia through R&D collaborations.

According to CIC, in view of the national policy requiring compulsory immunisation for major poultry diseases (such as HPAI) in the PRC, there are sustained demands for vaccines to protect poultries from animal epidemics provide a stable foundation for need for vaccines. It is also mandatory that the population immunity for such compulsory immunisation diseases to be maintained at a level over 90% all year-round, and the antibody qualification rate for HPAI to be maintained at a minimum 70% throughout the year. Further, evolving pathogen and strain continue to drive the need for ongoing research and optimisation of vaccine products. Given the ongoing and sustained demand for effective vaccines to protect poultry against major diseases (such as highly pathogenic avian influenza), which continue to evolve and require continuous optimisation to attain the required protection/immunisation rate, we believe that the further development of our innovative biological products and product candidates for poultry is essential to our long-term sustainable business growth and will further strengthen our market position in the PRC poultry vaccine market.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to the further development of vaccines to protect swine against various virus or pathogens including:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new trivalent vaccine to protect swines against foot-and-mouth disease, pseudorabies, and porcine circovirus, which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 4th quarter of 2034;

  (ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new subunit vaccine to protect swines against African Swine Fever, clinical trial application of which has been approved in September 2026 and shall proceed to clinical trial stage and expected to obtain the new veterinary drug registration certificate by 2032;

  (iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new mRNA vaccine to protect swines against PRRS, which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 4th quarter of 2034; and

  (iv) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new mRNA vaccine to protect swines against PED, which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 2035.

  All of the above are co-developed by our Group together with national research institutions and/or academia through R&D collaborations.

  China's swine farming industry operates on a significant scale, with swine inventory reaching approximately 430 million by the end of 2025 and annual slaughter volume at around 720 million in 2025. Therefore, there is a strong epidemic prevention need for swine farms. In particular, African swine fever is highly pathogenic with a high mortality rate which poses a significant

challenge to disease prevention and control in swine farming. Given that no commercialised vaccine to protect swine against African swine fever has yet been approved in the PRC, prevention and control of African swine fever currently rely primarily on monitoring, testing, biosecurity, cleaning and disinfection, and epidemic response measures. We believe that the continued development of our vaccines to protect swine against various diseases — including our African swine fever vaccine, is essential to our long-term sustainable business growth and supports our continued expansion into the livestock market in the PRC.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to the further development of our pets medications, including:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new monoclonal antibodies for pets allergic dermatitis, targeting the treatment of canine atopic dermatitis and prurigo nodularis, which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 3rd quarter of 2031. This is co-developed by our Group together with national academia through R&D collaborations;

  (ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new monoclonal antibodies for pet osteoarthritis to control pain in dogs with osteoarthritis, which is currently at laboratory research stage and expected to obtain the new veterinary drug registration certificate by 2036;

  (iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new mRNA vaccine to protect cats against feline infectious peritonitis virus, which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 2035. Our Group collaborates with research institution specialising in nucleic acid raw materials and sequence research to carry out sequence optimisation for us to independently develop relevant viral challenge models; and

  (iv) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of new anti-tumour drugs for pets, which is currently at pre-clinical stage and expected to obtain the new veterinary drug registration certificate by 2029. This is co-developed by our Group together with national academia through R&D collaborations.

  Major pets market in the PRC (dogs and cats) continues to expand. By 2025, population of major pets (i.e. cats and dogs) reached approximately 126 million. There is clear clinical demand in the field of pet disease prevention and treatment, such as feline infectious peritonitis which affects approximately 2% of cats in China, and cancerous tumours which impact approximately 50% of dogs and 30% of cats over 10 years old. Overseas markets have already introduced animal health products such as monoclonal antibodies and anti-tumour drugs for pets, providing useful references for the demand and treatment of companion animal diseases. We believe that our commitment to further developing our pet health business will enable us to capture opportunities in the expanding major pet market in the PRC.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to technology development including:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to the continued development of genetic engineering modification technology to generate high-quality seed virus strains with efficient expression, which involves ongoing R&D efforts and investments;

(ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of CHO-based expression of monoclonal antibodies and subunit vaccine antigens, which is currently at laboratory research stage and expected to obtain new veterinary drug registration certificate by 2032; and

(iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to development of novel concentration and purification processes to enhance the safety and efficacy of vaccine products, which involves ongoing R&D efforts and investments.

For all of the above, our Group's R&D team comprises PhD and Master's degree holders who are specialised in the relevant R&D areas, and our Group also possesses the requisite equipment, clinical trial platform and product production line to develop the foregoing product candidates and technologies.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to fund the expansion of our production capabilities, including:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to the refurbishment of its sterile production facilities, which includes the installation of four 2-tonne fermenters and one disc-stack centrifuge. We have selected the suppliers for such four 2-tonne fermenters and one disc-stack centrifuge, which are undergoing the manufacturing process. The refurbishment of such production facilities is expected to complete by 2027. The annual output value of the relevant production facilities is estimated to include by approximately 45% following completion of such refurbishment; and

  (ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to construct a new three-storey production facility, which is expected to be completed by 2030 for production of inactivated vaccine at Beijing Production Base. The utilisation rate of the production line for inactivated vaccine reached [90.0]% for FY2025 and [74.8]% for 5M2026. We have reserved the relevant land parcel at our Beijing Production Base and our preparatory work to obtain the relevant construction approvals and procedures is currently underway. We expects to achieve annual output values of approximately RMB200.0 million from such new inactivated vaccine facility following completion of its construction.

  The market size of China's veterinary inactivated vaccine market reached RMB10.4 billion in 2025, representing a CAGR of 1.6% from 2020 to 2025 and accounting for 66.4% of China's veterinary biological products market in 2025. Production utilisation rate of veterinary inactivated vaccine market rose from approximately 29.27% in 2022 to 32.02% in 2024, with animal health companies in the PRC improved its utilisation by eliminating outdated production capacity and increasing annual output. With the utilisation rate for inactivated vaccine production at our Beijing Production Base well above the industry average, it is essential for us to expand capacity at this facility to create room to absorb the rising demand within China's veterinary inactivated vaccine market.

  To enhance our production capacity for veterinary inactivated vaccines at our Beijing Production Base, we plan to increase the number of production units and equipments utilising suspension culture and purification processes. Compared with traditional adherent cell culture, suspension culture is better suited for high-volume production, offering improved efficiency and greater process control. This approach will allow us to expand our inactivated vaccine production capacity and efficiency, enabling us to meet the evolving demand in China's veterinary inactivated vaccine and transfer factor markets.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to fund the expansion of our overseas markets, including:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to conduct our market research and analysis for the overseas market so as to advance our products and service outreach in the overseas market and to support the registration of our products overseas;

  (ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to establish overseas R&D centres and technical service centres, with a team of over 100 specialists, through which we implement our Targeted Prevention and Control service systems in the overseas market with appropriate localisation with the aim to establish a stable, efficient, cost-competitive, and locally adaptive supply chain so as to enhance operational efficiency and responsiveness in the overseas markets to improve the quality of technical services, which strengthen our competitiveness in overseas markets. We aim to achieve enhanced visibility and resilience of the supply chain to support our long-term business development in overseas markets. This includes (a) establishing pathogen databases and developing customised solutions for local pathogen strains; (b) collaborating with leading local academic institutions to conduct joint R&D projects targeting region-specific diseases, jointly address industry challenges and foster strategic partnerships; and (c) formulating operating procedures that are tailored to local customer needs and regulatory requirements;

  (iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to develop local production capacities that are compliant with international GMP standards, which is expected to complete by 2029 to supply animal health products to overseas markets; and

  (iv) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million will be allocated to expand our overseas talent pool by recruiting approximately 150 personnel by 2029 to support our overseas expansion, which will mainly include (a) approximately 70 local technical specialists responsible for market research, partnership development and product launches; (b) approximately 30 R&D and laboratory personnel responsible for establishing pathogen databases and developing customised solutions targeting local pathogen strains; (c) approximately 30 operation personnel handling logistics, recruitment and talent pipeline management; (d) approximately 10 compliance personnel overseeing accounting, legal compliance and contract support; and (e) approximately 10 foreign language talents ensuring effective cross-cultural communication and localisation.

  We currently target to establish our presence across South Asia, North Africa, Southeast Asia, West Africa and East Africa, with Pakistan, Egypt, Vietnam, Nigeria and Tanzania as the key overseas market for expansion. We have selected these countries based on their commercial potential, suitability and feasibility for market entry, determined with reference to factors including: (a) high population growth rate, based on the United Nations' population projections; (b) the scale and conditions of the livestock and poultry markets and the trends of major diseases therein, to ensure the suitability of our products; and (c) the feasibility of market entry for our products in light of the applicable local laws and policies.

  Currently, these overseas animal health markets have a significant presence of European and U.S. products, which are generally priced at a higher level and have relatively limited local technical support. To address customer needs in these markets, we leverage our cost-effective products and services focused on the prevention and control of targeted local epidemics and diseases identified through our epidemiological investigations, supported by local service centres that enable us

to provide timely technical support and respond promptly to customer's needs. This forms our core competitive advantage, enabling us to compete effectively against existing market participants from Europe and the United States in those overseas markets.

- The remaining amount of approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to provide funding for our working capital and other general corporate purposes.

If the [**REDACTED**] is fixed at the high end (low end) of the [**REDACTED**] range stated in this document and assuming the [**REDACTED**] are not exercised, our [**REDACTED**] will increase (decrease) by approximately HK$[**REDACTED**] million. The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the estimated [**REDACTED**] range.

We will only place the [**REDACTED**] from the [**REDACTED**] which are not immediately required for the disclosed purposes in short-term interest-bearing accounts at licensed banks or authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws in the relevant jurisdictions for non-Hong Kong based deposits).

[**REDACTED**]

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The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANDONG SINDER TECHNOLOGY CO., LTD. AND ZHONGTAI INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shandong Sinder Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-3] to [I-77], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-3] to [I-77] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the five months ended 31 May 2025 and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the presentation and preparation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in note 2.1 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	984,633	981,805	1,194,252	488,297	507,177
Cost of sales		(528,324)	(529,895)	(605,976)	(250,009)	(255,328)
Gross profit		456,309	451,910	588,276	238,288	251,849
Other income and gains	5	16,790	31,742	15,684	5,132	5,990
Impairment losses on financial instruments, net	6	(25,162)	(25,043)	(25,271)	(16,795)	(438)
Selling and distribution expenses		(206,341)	(222,056)	(260,841)	(109,402)	(104,615)
Administrative expenses		(85,139)	(82,555)	(89,253)	(32,935)	(41,365)
Research and development expenses		(68,954)	(81,292)	(95,715)	(34,011)	(39,862)
Other expenses		(6,819)	(4,557)	(70,628)	(2,385)	(1,861)
Finance costs	7	(36,561)	(36,287)	(32,391)	(15,039)	(10,809)
Share of losses of an associate		(275)	(532)	(577)	(49)	(238)
PROFIT BEFORE TAX	6	43,848	31,330	29,284	32,804	58,651
Income tax expense	10	(9,085)	(3,212)	(18,445)	(4,859)	(7,557)
PROFIT FOR THE YEAR/PERIOD		34,763	28,118	10,839	27,945	51,094
Attributable to:						
Owners of the parent		34,325	27,162	9,867	27,848	49,998
Non-controlling interests		438	956	972	97	1,096
		34,763	28,118	10,839	27,945	51,094
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	12	0.26	0.21	0.07	0.21	0.38

For the details of [**REDACTED**] Investments, please refer to note 27 to this report.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	34,763	28,118	10,839	27,945	51,094
OTHER COMPREHENSIVE INCOME					
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations	–	–	(65)	–	(112)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	–	–	(65)	–	(112)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD, NET OF TAX	–	–	(65)	–	(112)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	34,763	28,118	10,774	27,945	50,982
Attributable to:					
Owners of the parent	34,325	27,162	9,802	27,848	49,886
Non-controlling interests	438	956	972	97	1,096
	34,763	28,118	10,774	27,945	50,982

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December			31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	736,757	700,402	628,651	610,681
Right-of-use assets	*14*	88,754	82,097	77,101	75,489
Goodwill	*15*	54,689	54,689	26,195	26,195
Other intangible assets	*16*	57,359	53,635	44,873	48,435
Investment in associates		1,005	473	1,096	858
Deferred tax assets	*25*	29,699	34,276	33,665	32,946
Prepayments, other receivables and other assets	*19*	37,952	49,765	35,910	38,391
Total non-current assets		1,006,215	975,337	847,491	832,995
CURRENT ASSETS					
Inventories	*17*	164,914	174,481	175,949	157,239
Trade and bills receivables	*18*	430,254	421,154	398,871	454,592
Prepayments, other receivables and other assets	*19*	81,367	110,959	93,270	73,576
Restricted cash	*20*	184	27,545	27,593	27,771
Pledged deposits	*20*	30,607	26,297	24,012	21,011
Cash and cash equivalents	*20*	163,273	100,561	157,948	112,062
Total current assets		870,599	860,997	877,643	846,251
CURRENT LIABILITIES					
Trade and bills payables	*21*	153,550	165,058	182,145	145,887
Other payables and accruals	*22*	318,066	298,457	231,405	215,858
Interest-bearing bank and other borrowings	*23*	604,491	514,943	474,390	402,608
Lease liabilities	*14*	–	31,747	6,884	4,101
Tax payable		4,133	298	2,513	3,844
Total current liabilities		1,080,240	1,010,503	897,337	772,298
NET CURRENT ASSETS/(LIABILITIES)		(209,641)	(149,506)	(19,694)	73,953
TOTAL ASSETS LESS CURRENT LIABILITIES		796,574	825,831	827,797	906,948
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*23*	48,788	104,181	135,715	165,999
Lease liabilities	*14*	72,540	44,088	18,018	18,355
Deferred tax liabilities	*25*	422	366	3,261	3,126
Government grants	*26*	30,709	39,177	32,218	30,061
Other payables and accruals	*22*	36,574	17,350	4,142	3,982
Total non-current liabilities		189,033	205,162	193,354	221,523
Net assets		607,541	620,669	634,443	685,425

	Notes	31 December			31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
EQUITY					
Equity attributable to owners of the parent					
Share capital	*27*	60,376	60,376	131,913	131,913
Reserves	*28*	542,045	559,756	498,021	547,907
		602,421	620,132	629,934	679,820
Non-controlling interests		5,120	537	4,509	5,605
Total equity		607,541	620,669	634,443	685,425

For the details of [**REDACTED**] Investments, please refer to note 27 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						
	Share capital	Capital reserves*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	60,376	389,333	30,188	89,435	569,332	6,033	575,365
Profit for the year and total comprehensive income for the year	–	–	–	34,325	34,325	438	34,763
Disposal of subsidiaries *(note 30)*	–	–	–	–	–	(1,337)	(1,337)
Transfer to statutory surplus reserve	–	–	616	(616)	–	–	–
Acquisition of non-controlling interests	–	(1,236)	–	–	(1,236)	(14)	(1,250)
At 31 December 2023	60,376	388,097	30,804	123,144	602,421	5,120	607,541

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital	Capital reserves*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	60,376	388,097	30,804	123,144	602,421	5,120	607,541
Profit for the year and total comprehensive income for the year	–	–	–	27,162	27,162	956	28,118
Transfer to statutory surplus reserve	–	–	2,125	(2,125)	–	–	–
Acquisition of non-controlling interests	–	(9,451)	–	–	(9,451)	(5,539)	(14,990)
At 31 December 2024	60,376	378,646	32,929	148,181	620,132	537	620,669

Year ended 31 December 2025

	Attributable to owners of the parent							
	Share capital	Capital reserves*	Statutory surplus reserve*	Retained profits*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	60,376	378,646	32,929	148,181	–	620,132	537	620,669
Profit for the year	–	–	–	9,867	–	9,867	972	10,839
Exchange differences on translation of foreign operations	–	–	–	–	(65)	(65)	–	(65)

	Attributable to owners of the parent							
	Share capital	Capital reserves*	Statutory surplus reserve*	Retained profits*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000*	*RMB'000*
Total comprehensive income for the year	–	–	–	9,867	(65)	9,802	972	10,774
Issuance of shares	71,537	(71,537)	–	–	–	–	–	–
Capital injection from non-controlling shareholders	–	–	–	–	–	–	3,000	3,000
At 31 December 2025	131,913	307,109	32,929	158,048	(65)	629,934	4,509	634,443

Five months ended 31 May 2025 (unaudited)

	Attributable to owners of the parent						
	Share capital	Capital reserves	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	60,376	378,646	32,929	148,181	620,132	537	620,669
Profit for the year and total comprehensive income for the year (unaudited)	–	–	–	27,848	27,848	97	27,945
Capital injection from non-controlling shareholders (unaudited)	–	–	–	–	–	3,000	3,000
At 31 May 2025 (unaudited)	60,376	378,646	32,929	176,029	647,980	3,634	651,614

Five months ended 31 May 2026

	Attributable to owners of the parent							
	Share capital	Capital reserves*	Statutory surplus reserve*	Retained profits*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	RMB'000 (note 27)	*RMB'000 (note 28)*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000 (note 28)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	131,913	307,109	32,929	158,048	(65)	629,934	4,509	634,443
Profit for the period	–	–	–	49,998	–	49,998	1,096	51,094
Exchange differences on translation of foreign operations	–	–	–	–	(112)	(112)	–	(112)
Total comprehensive income for the period	–	–	–	49,998	(112)	49,886	1,096	50,982
At 31 May 2026	131,913	307,109	32,929	208,046	(177)	679,820	5,605	685,425

* These reserve accounts comprise the consolidated reserves of RMB542,045,000, RMB559,756,000, RMB498,021,000 and RMB547,907,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		43,848	31,330	29,284	32,804	58,651
Adjustments for:						
Finance costs	*7*	36,561	36,287	32,391	15,039	10,809
Share of losses of associates		275	532	577	49	238
Bank interest income	*5*	(1,560)	(734)	(429)	(187)	(104)
Interest income from loans to third parties	*6*	(250)	(500)	(500)	(208)	(64)
Finance income on the net investment in the lease	*5*	(3,654)	–	–	–	–
(Gain)/loss on disposal of items of property, plant and equipment and other intangible assets	*6*	(210)	454	(493)	(613)	(34)
Gain on disposal of a subsidiary	*6*	(121)	–	–	–	–
Write-down of inventories to net realisable values	*6*	9,878	8,653	3,814	5,048	5,092
Impairment losses on financial instruments, net	*6*	25,162	25,043	25,271	16,795	438
Depreciation of property, plant and equipment	*6, 13*	57,319	63,834	65,507	26,864	25,678
Depreciation of right-of-use assets	*6, 14*	6,197	8,340	8,974	3,702	3,809
Amortisation of other intangible assets	*6, 16*	7,331	9,528	9,375	3,765	3,431
Impairment of items of property, plant and equipment and other intangible assets	*6, 13, 16*	3,728	2,016	38,381	1,964	124
Impairment of goodwill	*15*	–	–	28,494	–	–
Foreign exchange differences, net		(75)	144	82	(243)	1,102
		184,429	184,927	240,728	104,779	109,170
(Increase)/decrease in inventories		8,419	(18,220)	(5,282)	4,193	13,618
(Increase)/decrease in trade and bills receivables		(95,484)	(12,928)	1,576	(38,475)	(61,670)
(Increase)/decrease in prepayments, other receivables and other assets		102,645	17,080	2,061	(5,100)	18,666
(Increase)/decrease in pledged deposits and restricted cash		(30,791)	(23,051)	5,249	4,877	(178)
Increase/(decrease) in trade and bills payables		(106,224)	11,508	17,314	(210)	(36,947)
Increase/(decrease) in other payables and accruals		67,615	(19,623)	(14,292)	(24,157)	(3,411)
Increase/(decrease) in government grants		7,230	(10,756)	(6,817)	(2,055)	(14,767)
Cash generated from operations		137,839	128,937	240,537	43,852	24,481
Bank interest received		1,560	734	429	187	104
Income tax paid		(13,695)	(12,495)	(14,902)	(4,025)	(6,007)

	Note	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows from operating activities		125,704	117,176	226,064	40,014	18,578
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of items of property, plant and equipment and other intangible assets		(121,023)	(58,541)	(40,559)	(14,723)	(21,760)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		5,349	1,895	2,539	1,582	362
Acquisition of a subsidiary, net of cash acquired	*29*	(109,792)	–	–	–	–
Loans to third parties		(12,050)	(38,703)	(13,021)	(920)	(800)
Loans to related parties		(1,500)	(719)	(4,697)	–	–
Acquisition of interests in an associate		(1,280)	–	(1,200)	(1,200)	–
Disposal of a subsidiary, net of cash acquired	*30*	(2,069)	–	–	–	–
Collection of loans to third parties		–	–	–	–	14,284
Collection of loan to a related party		170	–	–	–	100
Net cash flows used in investing activities		(242,195)	(96,068)	(56,938)	(15,261)	(7,814)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank and other borrowings		526,352	444,379	662,560	327,509	313,741
Repayment of bank and other borrowings		(469,674)	(474,455)	(660,020)	(280,837)	(356,477)
Principal portion of lease payments		–	–	(2,418)	–	–
Prepayments for right-of-use assets		–	(1,683)	(953)	–	(2,197)
Acquisition of non-controlling interests		(1,250)	(14,990)	–	–	–
Capital injection from non-controlling shareholders of a subsidiary		–	–	3,000	3,000	–
Refund of investments from third parties		–	–	(64,000)	–	–
Payment for deferred [**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pledged deposits for short term loans		–	–	(3,012)	(1,012)	–
Interest paid		(28,769)	(37,071)	(43,950)	(24,160)	(9,571)
Release of pledged deposits for short term loans		–	–	–	–	3,001
Net cash flows from/(used in) financing activities		26,659	(83,820)	(111,674)	22,756	(56,538)

	Note	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(89,832)	(62,712)	57,452	47,509	(45,774)
Cash and cash equivalents at beginning of year/period		253,105	163,273	100,561	100,561	157,948
Effect of foreign exchange rate changes, net		–	–	(65)	–	(112)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		163,273	100,561	157,948	148,070	112,062
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*20*	194,064	154,403	209,553	198,047	160,844
Less:						
Pledged for short term loans	*20*	21,000	21,000	24,012	22,012	21,011
Pledged for bill payables	*20*	9,463	3,307	–	296	–
Pledged for letters of guarantee	*20*	144	1,990	–	170	–
Restricted cash	*20*	184	27,545	27,593	27,499	27,771
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		163,273	100,561	157,948	148,070	112,062

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December			31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	390,455	364,171	267,494	259,520
Intangible assets	*16*	3,731	2,588	1,918	3,074
Right-of-use assets	*14*	13,212	12,236	14,972	14,342
Investment in associates		1,005	473	1,096	858
Investment in subsidiaries	*1*	257,001	311,691	252,424	253,258
Prepayments, deposits and other receivables	*19*	95,813	68,695	109,204	105,572
Deferred tax assets	*25*	26,967	29,561	30,116	33,770
Total non-current assets		788,184	789,415	677,224	670,394
CURRENT ASSETS					
Inventories	*17*	48,576	57,279	52,514	46,656
Trade and bills receivables	*18*	263,507	256,652	211,724	227,741
Prepayments, deposits and other receivables	*19*	293,964	282,736	253,044	249,913
Restricted cash	*20*	126	126	263	263
Pledged deposits	*20*	30,463	24,307	14,012	11,011
Cash and cash equivalents	*20*	55,975	42,879	55,047	34,824
Total current assets		692,611	663,979	586,604	570,408
CURRENT LIABILITIES					
Trade and bills payables	*21*	131,952	153,983	171,045	158,671
Other payables and accruals	*22*	304,881	352,533	249,365	245,702
Interest-bearing bank and other borrowings	*23*	354,842	257,169	201,228	179,079
Lease liabilities	*14*	–	31,747	6,884	4,101
Total current liabilities		791,675	795,432	628,522	587,553
NET CURRENT LIABILITIES		99,064	131,453	41,918	17,145
TOTAL ASSETS LESS CURRENT LIABILITIES		689,120	657,962	635,306	653,249
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*23*	39,922	26,868	98,729	126,269
Lease liabilities	*14*	72,540	44,088	18,018	18,355
Deferred tax liabilities	*25*	264	207	540	980
Government grants	*26*	28,185	25,140	19,299	17,676
Other payables and accruals	*22*	12,404	4,600	3,682	3,982
Total non-current liabilities		153,315	100,903	140,268	167,262
Net assets		535,805	557,059	495,038	485,987
EQUITY					
Share capital	*27*	60,376	60,376	131,913	131,913
Reserves	*28*	475,429	496,683	363,125	354,074
Total equity		535,805	557,059	495,038	485,987

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shandong Sinder Technology Co., Ltd. (the "Company") is a joint stock company with limited liability established in Zhucheng, Shandong, People's Republic of China (the "PRC") on 2 April 1999. The registered office address of the Company is No. 195 Shungeng Road, Zhucheng City, Shandong, PRC.

During the Relevant Periods and the five months ended 31 May 2025, the Company and its subsidiaries (collectively referred to as the "Group") was principally engaged in the research and development, manufacture and sale of veterinary pharmaceutical products.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), all of which are private limited liability companies, the particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qingdao Sinder Pharmaceutical Co., Ltd. ("Qingdao Sinder") (青島信得藥業有限公司) *(note (a))*	PRC/Chinese mainland 24 April 2002	RMB20,000,000	100	–	Sale of veterinary pharmaceutical products
Beijing Sinder-Vet Technology Co., Ltd. ("Beijing Sinder") (北京信得威特科技有限公司) *(note (a))*	PRC/Chinese mainland 13 December 2004	RMB60,000,000	100	–	Research and development, manufacture and sale of veterinary pharmaceutical products
Shandong Sinder Animal Vaccine Co., Ltd. ("Animal Vaccine") (山東信得動物疫苗有限公司) *(note (a))*	PRC/Chinese mainland 25 June 2009	RMB60,000,000	100	–	Research and development, manufacture and sale of veterinary pharmaceutical products
Shandong Haili Biological Products Co., Ltd. ("Shandong Haili") (山東海利生物製品有限公司) *(note (a))*	PRC/Chinese mainland 26 October 2020	RMB150,000,000	100	–	Research and development, manufacture and sale of veterinary pharmaceutical products

Notes:

(a) These entities are limited liability enterprises established under PRC law. The statutory financial statements for the year ended 31 December 2023 prepared under China Accounting Standards for Business Enterprises were audited by Grant Thornton Certified Public Accountants LLP Jinan Branch (致同會計師事務所(特殊普通合夥)濟南分所), certified public accountants registered in the PRC.

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods and the five months ended 31 May 2025 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The Company

The carrying amounts of the Company's investments in subsidiaries as at the end of each Relevant Periods are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	347,064	401,754	455,532	456,366
Impairment	(90,063)	(90,063)	(203,108)	(203,108)
Carrying amounts of investments in subsidiaries	257,001	311,691	252,424	253,258

Impairment tests

When any indicators of impairment are identified, the Company's investments in subsidiaries are reviewed for impairment tests. The carrying amounts of these investments in subsidiaries were compared to the recoverable amounts and impairment was recognised if the recoverable amount is lower than the carrying amount.

During the Relevant Periods, certain investments in subsidiaries were identified with an impairment indicator of the continual operation losses and fully impaired, certain investments in a subsidiary were identified with an impairment indicator of underperformance against expectations and impaired to its recoverable amount.

2 ACCOUNTING POLICIES

2.1 Basis of Preparation

For ordinary shares issued to [**REDACTED**] investors, pursuant to the supplemental agreements entered into between the Company and the [**REDACTED**] Investors in relation to the termination of joint and several guarantees provided by the Company for the redemption rights, which are void ab initio as described in note 27 to this report, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the [**REDACTED**] Investments as equity throughout the Relevant Periods and the five months ended 31 May 2025. For the details of financial impacts, see note 27 of this report.

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted on a consistent basis by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets which have been measured at fair value through other comprehensive income.

Going concern assumption

As at 31 May 2026, the Group's net current assets amounted to RMB73,953,000, which comprised current assets of RMB846,251,000 and current liabilities of RMB772,298,000.

In view of the net current liabilities position, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) obtaining additional loan facilities and entering into loan renewal discussions with banks and financial institutions; (ii) taking measures to tighten cost controls over various production costs and expenses; and (iii) looking for new opportunities of profitable business investments. After taking into account the above measures, the directors believe that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. Therefore, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods and the five months ended 31 May 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries are prepared for the same Relevant Periods and the five months ended 31 May 2025 as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Issued but not yet Effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[1]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
HKFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]

1 Effective for annual/reporting periods beginning on or after 1 January 2027

2 Effective for annual periods beginning on or after 1 January 2029

3 No mandatory effective date yet determined but available for adoption

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

There is no impact to the financial position and performance of the Group as the result of the adoption of HKFRS 18, except that the presentation of statement of profit or loss will be amended and additional disclosure will be included in the financial statements.

Except for the HKFRS 18, the adoption of the above standards and amendments will not expect to have significant impact on the operating results, comprehensive income and financial position of the Group.

2.3 Material Accounting Policies

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each Relevant Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; *(If the Group is itself such a plan)* and the sponsoring employers of the post-employment benefit plan;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and plants	10-30 years
Machinery	3-14 years
Vehicles	5 years
Electronic and office equipment	3-5 years
Leasehold improvements	Over the shorter of the lease terms and 3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over the shorter of the licencing period and their estimated useful lives of 10 years.

Trademarks

Trademarks with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives of 10 years.

Software

Acquired software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These software licenses are stated at cost less any impairment losses and amortised over their estimated useful lives of 5 years.

Research and development expenditure

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 to 50 years
Buildings and plants	9 to 12 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not

adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the end of each Relevant Periods with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the end of each Relevant Periods (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade payables, other payables and borrowings)

After initial recognition, trade payables, other payables and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Convertible bonds

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to government grant account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally upon acceptance by the customers or delivery of the products.

Some contracts for the sale of products provide customers with rights of sales return and sales rebates, giving rise to variable consideration.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates an employee incentive scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfiled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 11 to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on deferred taxes are disclosed in note 25 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for sales rebates

The Group offers its customers with sales rebate. According to the terms in the contract, the Group settles sales rebates in the form of products with equivalent value. The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of sales rebates. The Group's expected sales rebates are analysed on a per customer basis for contracts that are subject to a single sales amount threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected sales rebates for contracts with more than one sales amount threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group quarterly updates its assessment of expected sales rebates and the contract liabilities are adjusted accordingly. Estimates of expected sales rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future. Further details on the amounts recognised as contract liabilities are disclosed in note 22 to the Historical Financial Information.

Estimating variable consideration for right of return

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. Further details on the amounts recognised as refund liabilities are disclosed in note 22 to the Historical Financial Information.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at the end of each Relevant Periods were RMB54,689,000, RMB54,689,000, RMB26,195,000, RMB26,195,000 respectively. Further details on goodwill are disclosed in note 15 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is research and development, manufacture and sale of veterinary pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Chinese mainland	972,469	953,530	1,127,461	466,136	464,799
Overseas	12,164	28,275	66,791	22,161	42,378
Total	984,633	981,805	1,194,252	488,297	507,177

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese mainland	966,266	930,311	802,411	788,609

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from the Group's sales to a single customer, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group's total revenue during the Relevant Periods and the five months ended 31 May 2025.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers	984,633	981,805	1,194,252	488,297	507,177

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of goods or services					
Sales of products	979,901	980,602	1,187,705	485,241	504,792
Others	4,732	1,203	6,547	3,056	2,385
Total	984,633	981,805	1,194,252	488,297	507,177
Geographical markets					
Chinese mainland	972,469	953,530	1,127,461	466,136	464,799
Overseas	12,164	28,275	66,791	22,161	42,378
Total	984,633	981,805	1,194,252	488,297	507,177
Timing of revenue recognition					
Goods or services transferred at a point in time	984,633	981,805	1,191,429	487,474	506,122
Services transferred over time	–	–	2,823	823	1,055
Total	984,633	981,805	1,194,252	488,297	507,177

The following table shows the amounts of revenue recognised in the Relevant Periods and the five months ended 31 May 2025, that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year/period:					
Sales of products and others	46,283	51,930	46,708	34,385	45,028

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon acceptance by the customers or delivery of the products. Certain customers pay in advance and certain customers make payment generally due within 30 to 360 days from the invoice date. Some contracts provide customers with a right of return and sales rebates which give rise to variable consideration subject to constraint. For products that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. Further details on right-of-return assets and refund liabilities are disclosed in note 19 and note 22 to the Historical Financial Information, respectively.

As a practical expedient, the information relating to the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods is not disclosed because all the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income					
Government grants*	9,246	28,693	11,899	3,232	5,044
Bank interest income	1,560	734	429	187	104
Interest income from loans to third parties#	250	500	500	208	64
Finance income on the net investment in the lease&	3,654	–	–	–	–
Others	1,749	1,815	2,363	892	744
Total other income	16,459	31,742	15,191	4,519	5,956
Gains					
Gain on disposal of a subsidiary	121	–	–	–	–
Gain on disposal of items of property, plant and equipment and other intangible assets	210	–	493	613	34
Total gains	331	–	493	613	34
Total other income and gains	16,790	31,742	15,684	5,132	5,990

* Government grants have been received from the PRC local government authorities to support the Group's research and development activities and local business enterprises for the purpose of encouraging business development. There are no unfulfilled conditions related to these government grants.

\# Details on loans to related parties and third parties are disclosed in note 19 (a) and (b) to the Historical Financial Information.

& The Company entered a sublease contract to sublease part of the buildings and plants to Shandong Haili, whom is a third party then, under finance lease arrangement in 2022. Under the finance lease arrangement, the Group recognised the finance income on the net investment in the lease so as to provide a constant periodic rate of return over the lease terms. Since the acquisition of Shandong Haili, such finance income on the net investment in the lease was eliminated on the consolidation level.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories sold		528,324	529,895	605,976	250,009	255,328
Depreciation of property, plant and equipment	*13*	57,319	63,834	65,507	26,864	25,678
Depreciation of right-of-use assets	*14(a)*	6,197	8,340	8,974	3,702	3,809
Amortisation of other intangible assets	*16*	7,331	9,528	9,375	3,765	3,431
Impairment of items of property, plant and equipment and other intangible assets	*13, 16*	3,728	2,016	38,381	1,964	124
Impairment of goodwill	*15*	–	–	28,494	–	–

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
(Gain)/loss on disposal of items of property, plant and equipment and other intangible assets		(210)	454	(493)	(613)	(34)
Impairment losses on financial instruments, net	*18, 19, 22(c)*	25,162	25,043	25,271	16,795	438
Write-down of inventories to net realisable value		9,878	8,653	3,814	5,048	5,092
Research and development costs		68,954	81,292	95,715	34,011	39,862
[**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Government grants		(9,246)	(28,693)	(11,899)	(3,232)	(5,044)
Bank interest income	*5*	(1,560)	(734)	(429)	(187)	(104)
Interest income from loans to third parties	*5*	(250)	(500)	(500)	(208)	(64)
Foreign exchange differences, net		(75)	144	82	(243)	1,102
Gain on disposal of a subsidiary	*5*	(121)	–	–	–	–
Employee benefit expense (excluding directors' and supervisors' remuneration *(note 8)*):						
Wages and salaries		206,778	232,149	240,685	102,564	103,967
Pension scheme contributions and social welfare		16,643	15,623	15,041	6,221	8,163
Staff welfare expenses		3,167	3,970	4,367	1,655	1,835
Total		226,588	251,742	260,093	110,440	113,965

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank and other borrowings (including a convertible bond)	33,409	32,992	30,204	13,622	10,397
Interest on lease liabilities *(note 14)*	3,152	3,295	2,187	1,417	412
Total	36,561	36,287	32,391	15,039	10,809

For the details of [**REDACTED**] Investments, please refer to note 27 to this report.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of each of the Company's directors and supervisors is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind*	3,593	3,710	3,542	1,500	1,667
Pension scheme contributions	61	61	63	30	56
Subtotal	3,654	3,771	3,605	1,530	1,723
Total fees and other emoluments	3,654	3,771	3,605	1,530	1,723

* The Company entered into a secondment agreement with Sumitomo Corporation (Shanghai) Ltd. ("Shanghai Sumitomo"), a related company controlled by a shareholder, where the Company's executive director, Mr. Song Chengchao is an employee. Pursuant to the secondment agreement, the Company agreed to pay Shanghai Sumitomo as Mr. Song Chengchao's remuneration of RMB670,000, RMB670,000, RMB415,000, RMB138,000 and RMB222,000 during the Relevant Periods and the five months ended 31 May 2025. Mr. Song Chengchao will enter into a service contract or letter of appointment with the Company prior to the [**REDACTED**].

During the Relevant Periods and the five months ended 31 May 2025, certain restricted shares were granted to directors, further details of which are included in the disclosures in note 24 to the Historical Financial Information. The fair value of such awarded shares was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the five months ended 31 May 2025 is included in the above directors' and supervisors' remuneration disclosures.

(a) Independent non-executive directors

On 4 February 2026, Mr. Tang Waiyau, Ms. Li Yuanyuan and Mr. Ma Xingyuan were appointed as independent non-executive directors of the Company.

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods and the five months ended 31 May 2025.

(b) Directors and supervisors

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2023			
Executive directors:			
Mr. Li Zhaoyang *(i)*	818	15	833
Mr. Dong Tao	870	19	889
Mr. Lou Zongliang	582	19	601
Mr. Song Chengchao *(ii)*	670	–	670
Non-executive directors:			
Mr. Shan Yong *(iii)*	–	–	–
Mr. Akino Yoshihide *(v)*	–	–	–
Ms. Dong Xiaoli *(vi)*	–	–	–
Mr. Lee Kian Chuan *(vii)*	–	–	–
Mr. Jin Zhiguo *(viii)*	–	–	–
Mr. Ding Qiang *(ix)*	–	–	–
Supervisors:			
Mr. Qiao Yanliang	585	–	585
Ms. Xu Li *(x)*	68	8	76
Total	3,593	61	3,654
Year ended 31 December 2024			
Executive directors:			
Mr. Li Zhaoyang *(i)*	818	15	833
Mr. Dong Tao	818	19	837
Mr. Lou Zongliang	737	19	756
Mr. Song Chengchao *(ii)*	670	–	670
Non-executive directors:			
Mr. Shan Yong *(iii)*	–	–	–
Mr. Shibata Yosuke *(iv)*	–	–	–
Mr. Lee Kian Chuan *(vii)*	–	–	–
Mr. Jin Zhiguo *(viii)*	–	–	–
Mr. Ding Qiang *(ix)*	–	–	–
Supervisors:			
Mr. Qiao Yanliang	604	–	604
Ms. Xu Li *(x)*	63	8	71
Total	3,710	61	3,771

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2025			
Executive directors:			
Mr. Li Zhaoyang *(i)*	802	16	818
Mr. Dong Tao	946	19	965
Mr. Lou Zongliang	805	19	824
Mr. Song Chengchao *(ii)*	415	–	415
Non-executive directors:			
Mr. Shan Yong *(iii)*	–	–	–
Mr. Shibata Yosuke *(iv)*	–	–	–
Mr. Jin Zhiguo *(viii)*	–	–	–
Mr. Ding Qiang *(ix)*	–	–	–
Supervisors:			
Mr. Qiao Yanliang	506	–	506
Ms. Xu Li *(x)*	68	9	77
Total	3,542	63	3,605

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Five months ended 31 May 2025 (unaudited)			
Executive directors:			
Mr. Li Zhaoyang *(i)*	328	10	338
Mr. Dong Tao	378	8	386
Mr. Lou Zongliang	323	8	331
Mr. Song Chengchao *(ii)*	222	–	222
Non-executive directors:			
Mr. Shan Yong *(iii)*	–	–	–
Mr. Shibata Yosuke *(iv)*	–	–	–
Mr. Jin Zhiguo *(viii)*	–	–	–
Mr. Ding Qiang *(ix)*	–	–	–
Supervisors:			
Mr. Qiao Yanliang	221	–	221
Ms. Xu Li *(x)*	28	4	32
Total	1,500	30	1,530

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Five months ended 31 May 2026			
Executive directors:			
Mr. Li Zhaoyang *(i)*	387	11	398
Mr. Dong Tao	357	18	375
Mr. Lou Zongliang	332	18	350
Mr. Song Chengchao *(ii)*	138	–	138
Non-executive directors:	–	–	–
Mr. Shan Yong *(iii)*	–	–	–
Mr. Shibata Yosuke *(iv)*	–	–	–
Supervisors:			
Mr. Qiao Yanliang	213	–	213
Mr. Liu Chunguo	210	5	215
Ms. Xu Li *(x)*	30	4	34
Total	1,667	56	1,723

Notes:

(i) Mr. Li Zhaoyang was the chief executive of the Company during the Relevant Periods and the five months ended 31 May 2025.

(ii) Mr. Song Chengchao was appointed as an executive director on 2 August 2023.

(iii) Mr. Shan Yong was appointed as a non-executive director on 2 August 2023.

(iv) Mr. Shibata Yosuke was appointed as a non-executive director on 31 October 2024.

(v) Mr. Akino Yoshihide resigned in July 2023. The resignation was attributable to internal personnel adjustments within its nominating shareholder, Sumitomo Corporation, which led to the re-designation of its board representatives in the Company.

(vi) Ms. Dong Xiaoli resigned in July 2023 following a new director nomination by her nominating shareholder, Sany Hong Kong Group Limited.

(vii) Mr. Lee Kian Chuan resigned in October 2024. The resignation was attributable to internal personnel adjustments within its nominating shareholder, Sumitomo Corporation, which led to the re-designation of its board representatives in the Company.

(viii) Mr. Jin Zhiguo resigned in September 2025 for personal reasons.

(ix) Mr. Ding Qiang, who had been nominated as a director by a shareholder, Shandong Jifu Jingu New Energy Equity Investment Fund Partnership (Limited Partnership) ("Shandong Jifu"), voluntarily tendered his resignation after Shandong Jifu transferred all of its shareholding in the Company on 19 October 2025 and ceased to be a shareholder.

(x) Ms. Xu Li was appointed as a supervisor on 2 August 2023.

There was no arrangement under which directors or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the five months ended 31 May 2025.

The directors did not receive any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods and the five months ended 31 May 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the five months ended 31 May 2025 included 1, nil, nil, nil and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 4, 5, 5, 5 and 5 highest paid employees who are neither a director nor supervisor of the Company during the Relevant Periods and the five months ended 31 May 2025 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	3,770	7,898	6,816	2,988	4,565
Pension scheme contributions	113	118	125	50	73
Total	3,883	8,016	6,941	3,038	4,638

The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Nil to HK$1,000,000	2	–	–	5	4
HK$1,000,001 to HK$1,500,000	2	1	2	–	–
HK$1,500,001 to HK$2,000,000	–	3	3	–	–
HK$2,000,001 to HK$2,500,000	–	1	–	–	1
Total	4	5	5	5	5

10. INCOME TAX

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Enterprise Income Tax Law, which was approved and became effective on 1 January 2008, except for the Company and certain subsidiaries of the Group in Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

Pursuant to the approval of the tax bureau, the Company has been qualified as a High and New Technology Enterprise and enjoys a preferential corporate income tax rate of 15% from 2021 to 2023. The renewal of above qualifications for 2024 to 2026 has been completed. Therefore, the Company was subject to corporate income tax at a rate of 15% during the Relevant Periods and the five months ended 31 May 2025.

Pursuant to the approval of the tax bureau, Beijing Sinder and Shandong Sinder Animal Vaccine have been qualified as a High and New Technology Enterprise and enjoy a preferential corporate income tax rate of 15% from 2023 to 2025. This qualification is subject to review by the relevant tax authority in the PRC every three years. Beijing Sinder and Shandong Sinder Animal Vaccine have submitted applications for their qualification as a High and New Technology Enterprise in July 2026 and June 2026, respectively, and are expected to obtain such qualification. Therefore, Beijing Sinder and Shandong Sinder Animal Vaccine were subject to corporate income tax at a rate of 15% during the Relevant Periods and the five months ended 31 May 2025.

Pursuant to the approval of the tax bureau, Shandong Haili has been qualified as a High and New Technology Enterprise and enjoys a preferential corporate income tax rate of 15% from 2024 to 2026. Therefore, Shandong Haili was subject to corporate income tax at a rate of 15% for the years ended 31 December 2024 and 2025 and the five months ended 31 May 2026.

From 2023 to 2026, except for Qingdao Xingfu Farm Enterprise Management Co., Ltd. ("Qingdao Xingfu"), Weifang Xinyi Biotechnology Co., Ltd. ("Weifang Xinyi"), Henan Sinder Biotechnology Co., Ltd ("Henan Sinder") and Hainan Sinder Biotechnology Co., Ltd ("Hainan Sinder"), which were entitled to a preferential income tax rate of 5% for small and micro enterprises, the provision for Chinese mainland current income tax was based on the statutory rate of 25% of the assessable profits of the subsidiaries of Chinese mainland as determined in accordance with the Corporate Income Tax Law.

The income tax expense of the Group during the Relevant Periods and the five months ended 31 May 2025 is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current – Charge for the year/period	11,833	7,845	14,939	4,459	6,973
Deferred *(note 25)*	(2,748)	(4,633)	3,506	400	584
Total tax charged for the year/period	9,085	3,212	18,445	4,859	7,557

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of the subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before tax	43,848	31,330	29,284	32,804	58,651
Tax at the statutory tax rate	10,962	7,833	7,321	8,201	14,663
Effect of preferential tax rates	(8,090)	(3,774)	(496)	(3,232)	(3,743)
Expenses not deductible for tax	2,503	2,293	9,773	1,286	1,157
Income not subject to tax	(465)	(175)	(166)	(69)	(57)
Additional deductible allowance for research and development costs	(8,426)	(9,595)	(11,835)	(4,585)	(4,728)
Tax losses utilised from previous years	(209)	(1,355)	(711)	(141)	(1,426)
Tax losses and deductible temporary differences not recognised	12,810	7,985	14,559	3,399	1,691
Tax charge at the Group's effective rate	9,085	3,212	18,445	4,859	7,557

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods and the five months ended 31 May 2025.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue is 60,376,153 throughout the Relevant Periods and the five months ended 31 May 2025. In December 2025, the share capital of the Company is increased to 131,912,513 ordinary shares with a par value of RMB1.00 each from capitalisation of capital reserves (note 27). For the purpose of computing basic and diluted earnings per share, the weighted average numbers of ordinary shares were determined assuming the increase of share capital in December 2025 had occurred since 1 January 2023.

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods and the five months ended 31 May 2025 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the five months ended 31 May 2025.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Earnings					
Profit attributable to owners of the parent	34,325	27,162	9,867	27,848	49,998

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Shares					
Weighted average number of ordinary shares used in the basic earnings per share calculation	131,912,513	131,912,513	131,912,513	131,912,513	131,912,513

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted (RMB)	0.26	0.21	0.07	0.21	0.38

For the details of [**REDACTED**] Investments, please refer to note 27 to this report.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and plants	Machinery	Vehicles	Electronic and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	450,266	551,434	6,883	43,179	1,450	13,895	1,067,107
Accumulated depreciation and impairment	(78,395)	(252,386)	(4,553)	(23,609)	(1,248)	(4,855)	(365,046)
Net carrying amount	371,871	299,048	2,330	19,570	202	9,040	702,061
At 1 January 2023, net of accumulated depreciation and impairment	371,871	299,048	2,330	19,570	202	9,040	702,061
Additions	4,384	26,080	2,319	7,366	–	49,755	89,904
Acquisition of a subsidiary *(note 29)*	–	10,909	63	–	–	–	10,972

	Buildings and plants	Machinery	Vehicles	Electronic and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disposals	(4,861)	(158)	(44)	(70)	–	–	(5,133)
Depreciation provided during the year	(18,040)	(33,475)	(884)	(4,718)	(202)	–	(57,319)
Transfer	17,023	38,395	–	–	–	(55,418)	–
Impairment	(1,379)	(1,989)	–	(160)	–	(200)	(3,728)
At 31 December 2023, net of accumulated depreciation and impairment	368,998	338,810	3,784	21,988	–	3,177	736,757
At 31 December 2023:							
Cost	468,067	628,121	8,379	50,241	1,450	5,146	1,161,404
Accumulated depreciation and impairment	(99,069)	(289,311)	(4,595)	(28,253)	(1,450)	(1,969)	(424,647)
Net carrying amount	368,998	338,810	3,784	21,988	–	3,177	736,757
31 December 2024							
At 1 January 2024:							
Cost	468,067	628,121	8,379	50,241	1,450	5,146	1,161,404
Accumulated depreciation and impairment	(99,069)	(289,311)	(4,595)	(28,253)	(1,450)	(1,969)	(424,647)
Net carrying amount	368,998	338,810	3,784	21,988	–	3,177	736,757
At 1 January 2024, net of accumulated depreciation and impairment	368,998	338,810	3,784	21,988	–	3,177	736,757
Additions	3,411	13,809	1,932	1,239	–	11,305	31,696
Disposals	(271)	(1,635)	(124)	(171)	–	–	(2,201)
Depreciation provided during the year	(17,144)	(40,561)	(1,037)	(5,092)	–	–	(63,834)
Transfer	2,700	11,362	–	–	–	(14,062)	–
Impairment	(585)	(1,323)	–	(64)	–	(44)	(2,016)
At 31 December 2024, net of accumulated depreciation and impairment	357,109	320,462	4,555	17,900	–	376	700,402
At 31 December 2024:							
Cost	472,885	631,477	9,762	49,852	1,450	1,320	1,166,746
Accumulated depreciation and impairment	(115,776)	(311,015)	(5,207)	(31,952)	(1,450)	(944)	(466,344)
Net carrying amount	357,109	320,462	4,555	17,900	–	376	700,402
31 December 2025							
At 1 January 2025:							
Cost	472,885	631,477	9,762	49,852	1,450	1,320	1,166,746
Accumulated depreciation and impairment	(115,776)	(311,015)	(5,207)	(31,952)	(1,450)	(944)	(466,344)
Net carrying amount	357,109	320,462	4,555	17,900	–	376	700,402
At 1 January 2025, net of accumulated depreciation and impairment	357,109	320,462	4,555	17,900	–	376	700,402
Additions	1,447	15,852	2,733	1,451	1,310	2,602	25,395
Disposals	(62)	(1,305)	(651)	(28)	–	–	(2,046)
Depreciation provided during the year	(18,805)	(40,647)	(918)	(4,902)	(235)	–	(65,507)
Transfer	2,699	279	–	–	–	(2,978)	–
Impairment	(5,602)	(23,202)	(23)	(766)	–	–	(29,593)
At 31 December 2025, net of accumulated depreciation and impairment	336,786	271,439	5,696	13,655	1,075	–	628,651
At 31 December 2025:							
Cost	477,506	634,141	10,192	50,883	2,760	–	1,175,482
Accumulated depreciation and impairment	(140,720)	(362,702)	(4,496)	(37,228)	(1,685)	–	(546,831)
Net carrying amount	336,786	271,439	5,696	13,655	1,075	–	628,651

	Buildings and plants	Machinery	Vehicles	Electronic and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026							
At 1 January 2026:							
Cost	477,506	634,141	10,192	50,883	2,760	–	1,175,482
Accumulated depreciation and impairment	(140,720)	(362,702)	(4,496)	(37,228)	(1,685)	–	(546,831)
Net carrying amount	336,786	271,439	5,696	13,655	1,075	–	628,651
At 1 January 2026, net of accumulated depreciation and impairment	336,786	271,439	5,696	13,655	1,075	–	628,651
Additions	3,975	2,645	72	1,001	–	467	8,160
Disposals	–	(102)	(183)	(43)	–	–	(328)
Depreciation provided during the period	(7,441)	(15,635)	(528)	(1,700)	(374)	–	(25,678)
Impairment	–	(124)	–	–	–	–	(124)
At 31 May 2026, net of accumulated depreciation and impairment	333,320	258,223	5,057	12,913	701	467	610,681
At 31 May 2026:							
Cost	481,481	635,677	9,465	51,547	2,760	467	1,181,397
Accumulated depreciation and impairment	(148,161)	(377,454)	(4,408)	(38,634)	(2,059)	–	(570,716)
Net carrying amount	333,320	258,223	5,057	12,913	701	467	610,681

As at the end of each Relevant Periods, the Group has not obtained the certificates for certain of the buildings with an aggregate net carrying amount of approximately RMB7,057,000, RMB6,692,000, RMB6,327,000 and RMB1,558,000. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at the end of each Relevant Periods.

As at the end of each Relevant Periods, certain of the Group's property, plant and equipment with net carrying amounts of approximately RMB170,440,000, RMB166,799,000, RMB153,443,000 and RMB150,704,000 were pledged to secure bank loans granted to the Group, respectively (note 23 (a)(i)).

As at the end of each Relevant Periods, certain of the Group's property, plant and equipment with net carrying amounts of approximately RMB213,418,000, RMB262,166,000, RMB125,341,000 and RMB100,177,000 were pledged to secure other borrowings granted to the Group, respectively (note 23(b)).

The Company

	Buildings and plants	Machinery	Vehicles	Electronic and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	154,234	264,644	1,224	27,360	1,450	4,206	453,118
Accumulated depreciation and impairment	(25,206)	(86,748)	(852)	(11,833)	(1,249)	–	(125,888)
Net carrying amount	129,028	177,896	372	15,527	201	4,206	327,230
At 1 January 2023, net of accumulated depreciation and impairment	129,028	177,896	372	15,527	201	4,206	327,230
Additions	23,901	18,169	1,317	7,144	–	47,765	98,296
Disposals	(4,821)	(82)	(5)	(45)	–	–	(4,953)
Depreciation provided during the year	(6,952)	(18,663)	(302)	(4,000)	(201)	–	(30,118)
Transfer	14,806	37,165	–	–	–	(51,971)	–
At 31 December 2023, net of accumulated depreciation and impairment	155,962	214,485	1,382	18,626	–	–	390,455
At 31 December 2023:							
Cost	188,074	319,322	2,447	34,408	1,450	–	545,701
Accumulated depreciation and impairment	(32,112)	(104,837)	(1,065)	(15,782)	(1,450)	–	(155,246)

	Buildings and plants	Machinery	Vehicles	Electronic and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net carrying amount	155,962	214,485	1,382	18,626	–	–	390,455
31 December 2024							
At 1 January 2024:							
Cost	188,074	319,322	2,447	34,408	1,450	–	545,701
Accumulated depreciation and impairment	(32,112)	(104,837)	(1,065)	(15,782)	(1,450)	–	(155,246)
Net carrying amount	155,962	214,485	1,382	18,626	–	–	390,455
At 1 January 2024, net of accumulated depreciation and impairment	155,962	214,485	1,382	18,626	–	–	390,455
Additions	2,223	7,032	346	786	–	–	10,387
Disposals	(124)	(1,645)	(112)	(128)	–	–	(2,009)
Depreciation provided during the year	(8,709)	(21,195)	(220)	(4,538)	–	–	(34,662)
At 31 December 2024, net of accumulated depreciation and impairment	149,352	198,677	1,396	14,746	–	–	364,171
At 31 December 2024:							
Cost	189,460	311,852	2,478	34,309	1,450	–	539,549
Accumulated depreciation and impairment	(40,108)	(113,175)	(1,082)	(19,563)	(1,450)	–	(175,378)
Net carrying amount	149,352	198,677	1,396	14,746	–	–	364,171

	Buildings and plants	Machinery	Vehicles	Electronic and office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025:						
Cost	189,460	311,852	2,478	34,309	1,450	539,549
Accumulated depreciation and impairment	(40,108)	(113,175)	(1,082)	(19,563)	(1,450)	(175,378)
Net carrying amount	149,352	198,677	1,396	14,746	–	364,171
At 1 January 2025, net of accumulated depreciation and impairment	149,352	198,677	1,396	14,746	–	364,171
Additions	–	7,857	2,043	309	–	10,209
Disposals	(60)	(73,945)	–	(2,922)	–	(76,927)
Depreciation provided during the year	(6,812)	(17,784)	(213)	(3,756)	–	(28,565)
Impairment	–	(1,394)	–	–	–	(1,394)
At 31 December 2025, net of accumulated depreciation and impairment	142,480	113,411	3,226	8,377	–	267,494
At 31 December 2025:						
Cost	188,997	208,055	4,521	28,584	1,450	431,607
Accumulated depreciation and impairment	(46,517)	(94,644)	(1,295)	(20,207)	(1,450)	(164,113)
Net carrying amount	142,480	113,411	3,226	8,377	–	267,494

	Buildings and plants	Machinery	Vehicles	Electronic and office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026						
At 1 January 2026:						
Cost	188,997	208,055	4,521	28,584	1,450	431,607
Accumulated depreciation and impairment	(46,517)	(94,644)	(1,295)	(20,207)	(1,450)	(164,113)
Net carrying amount	142,480	113,411	3,226	8,377	–	267,494
At 1 January 2026, net of accumulated depreciation and impairment	142,480	113,411	3,226	8,377	–	267,494
Additions	–	1,311	–	456	–	1,767
Disposals	–	(70)	(97)	(41)	–	(208)
Depreciation provided during the period	(2,826)	(5,293)	(291)	(999)	–	(9,409)
Impairment	–	(124)	–	–	–	(124)
At 31 May 2026, net of accumulated depreciation and impairment	139,654	109,235	2,838	7,793	–	259,520
At 31 May 2026:						
Cost	188,997	208,752	3,943	28,728	1,450	431,870
Accumulated depreciation and impairment	(49,343)	(99,517)	(1,105)	(20,935)	(1,450)	(172,350)
Net carrying amount	139,654	109,235	2,838	7,793	–	259,520

As at the end of each Relevant Periods, certain of the Company's property, plant and equipment with net carrying amounts of approximately RMB22,243,000, RMB23,699,000, RMB29,402,000 and RMB27,309,000 were pledged to secure bank loans granted to the Company, respectively (note 23 (f)(i)).

As at the end of each Relevant Periods, certain of the Company's property, plant and equipment with net carrying amounts of approximately RMB159,914,000, RMB158,018,000, RMB67,258,000 and RMB39,730,000 were pledged to secure other borrowings granted to the Company, respectively (note 23 (g)).

Impairment tests

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment tests based on each cash-generating unit ("CGU") to which these non-current assets belong. The carrying amounts of these individual CGUs were compared to the recoverable amounts of the CGUs and impairment was recognised if the recoverable amount of the CGU is lower than the carrying amount.

During the Relevant Periods, the directors of the Group identified property, plant and equipment in the traditional Chinese veterinary medicines production facility ("traditional Chinese veterinary medicines CGU") and the bio-organic fertilisers production facility ("bio-organic fertilisers CGU") with an impairment indicator because of the continual operation losses of under-performing production facilities to which the non-current assets belong. The recoverable amount of traditional Chinese veterinary medicines CGU and bio-organic fertilisers CGU have been determined based on fair value less costs of disposal. Independent valuers were engaged to assist to determine the recoverable amount of traditional Chinese veterinary medicines CGU and bio-organic fertilisers CGU. The calculation of the fair value less costs of disposal was based on available data from the observable market prices less incremental costs for disposing of the asset.

During the year ended 31 December 2025, the directors of the Group identified property, plant and equipment in the diagnostic test reagent production facility ("diagnostic test reagent CGU") with an impairment indicator because of the cessation of all productions relating to diagnostic test reagent which previously underwent pilot-scale production without having obtained the relevant registration approval for veterinary drug products. The recoverable amount of diagnostic test reagent CGU, including property, plant and equipment and other intangible assets, has been determined based on fair value less costs of disposal. Independent valuers were engaged to assist to determine the recoverable amount of diagnostic test reagent CGU. The calculation of the fair value less costs of disposal was based on available data from the observable market prices less incremental costs for disposing of the asset.

During the year ended 31 December 2025, the directors of the Group identified property, plant and equipment in the Shandong Haili production facility ("Shandong Haili CGU") with an impairment indicator of underperformance against expectations. The recoverable amount of Shandong Haili CGU, including property, plant and equipment and other intangible assets, has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management.

As at the end of each of the Relevant Periods, the carrying amounts and recoverable amounts of these impaired CGUs are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount:				
– Traditional Chinese veterinary medicines CGU	17,000	14,268	13,164	N/A*
– Bio-organic fertilisers CGU	5,939	6,218	6,344	4,384
– Diagnostic test reagent CGU	N/A*	N/A*	6,384	N/A*
– Shandong Haili CGU	N/A*	N/A*	112,412	N/A*
Recoverable amount:				
– Traditional Chinese veterinary medicines CGU	13,434	12,890	12,923	N/A*
– Bio-organic fertilisers CGU	5,777	5,580	4,750	4,260
– Diagnostic test reagent CGU	N/A*	N/A*	337	N/A*
– Shandong Haili CGU	N/A*	N/A*	81,913	N/A*
Impairment loss:				
– Traditional Chinese veterinary medicines CGU	(3,566)	(1,378)	(241)	N/A*
– Bio-organic fertilisers CGU	(162)	(638)	(1,594)	(124)
– Diagnostic test reagent CGU	N/A*	N/A*	(6,047)	N/A*
– Shandong Haili CGU	N/A*	N/A*	(30,499)	N/A*

* Diagnostic test reagent CGU and Shandong Haili CGU were not impaired as at 31 December 2023 and 2024 and 31 May 2026. Traditional Chinese veterinary medicines CGU was not impaired as at 31 May 2026.

The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of traditional Chinese veterinary medicines CGU, bio-organic fertilisers CGU and diagnostic test reagent CGU related assets:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	–	19,211	–	19,211

As at 31 December 2024

	Fair value measurement using			
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	–	18,470	–	18,470

As at 31 December 2025

	Fair value measurement using			
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	–	18,010	–	18,010

As at 31 May 2026

	Fair value measurement using			
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	–	4,260	–	4,260

Key assumptions used in the value-in-use calculation

Assumptions were used in the value-in-use calculation of the Shandong Haili CGU for 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of property, plant and equipment and other intangible assets:

	As at 31 December 2025
Budgeted gross margins	24.9%-51.5%
Pre-tax discount rates	16.03%

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Pre-tax discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of veterinary vaccine products industries, pre-tax discount rates and terminal growth rate are consistent with external information sources.

As a result of the impairment testing of Shandong Haili CGU, impairment loss of RMB21,961,000 and RMB8,538,000 was recognised for property, plant and equipment and other intangible assets as at 31 December 2025, respectively.

14. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land, buildings and plants used for its operations. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods between 40 and 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings and plants are between 9 and 12 years.

(a) Right-of-use assets

The Group

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings and plants	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	34,104	5,683	39,787
Additions as a result of acquisition of a subsidiary#	–	55,164	55,164
Depreciation charge *(note 6)*	(1,025)	(5,172)	(6,197)
As at 31 December 2023 and 1 January 2024	33,079	55,675	88,754
Additions	–	1,683	1,683
Depreciation charge *(note 6)*	(1,025)	(7,315)	(8,340)
As at 31 December 2024 and 1 January 2025	32,054	50,043	82,097
Additions	953	–	953
Modification of lease	–	3,025	3,025
Depreciation charge *(note 6)*	(1,025)	(7,949)	(8,974)
As at 31 December 2025 and 1 January 2026	31,982	45,119	77,101
Additions	2,197	–	2,197

	Leasehold land	Buildings and plants	Total
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge *(note 6)*	(434)	(3,375)	(3,809)
As at 31 May 2026	33,745	41,744	75,489

The Company entered a lease contract with a third party with nine-year lease period terms and then subleased part of the buildings and plants to another third party then, Shandong Haili, under finance lease arrangement in 2022. Under the finance lease arrangement, the right-of-use assets derecognised in 2022. Since the acquisition date of Shandong Haili (note 29), such right-of-use assets were recorded in the consolidation of the Group. In addition, a batch of machinery was rented from the Company to Shandong Haili in 2022 for a three-year lease period under operating lease arrangement, which was eliminated in the consolidation of the Group since the acquisition of Shandong Haili.

As at the end of each Relevant Periods, certain of the Group's leasehold lands with net carrying amount of RMB13,033,000, RMB12,635,000, RMB12,042,000 and RMB11,881,000 were pledged to secure bank loans granted to the Group, respectively (note 23 (a)(ii)).

The Company

	Leasehold land	Buildings and plants	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	8,504	5,684	14,188
Depreciation charge	(307)	(669)	(976)
As at 31 December 2023 and 1 January 2024	8,197	5,015	13,212
Depreciation charge	(307)	(669)	(976)
As at 31 December 2024 and 1 January 2025	7,890	4,346	12,236
New leases	953	–	953
Modification of lease	–	3,025	3,025
Depreciation charge	(307)	(935)	(1,242)
As at 31 December 2025 and 1 January 2026	8,536	6,436	14,972
Depreciation charge	(128)	(502)	(630)
As at 31 May 2026	8,408	5,934	14,342

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	69,388	72,540	75,835	24,902
Accretion of interest recognised during the year/period *(note 7)*	3,152	3,295	2,187	412
Modification of lease	–	–	3,025	–
Settled with prepayments, other receivables and other assets *(note 31(a))*	–	–	(51,540)	–
Settled with trade and bills receivables *(note 31 (a))*	–	–	–	(2,858)
Lease payments	–	–	(4,605)	–
Carrying amount at 31 December/ 31 May	72,540	75,835	24,902	22,456
Analysed into:				
Current portion	–	31,747	6,884	4,101
Non-current portion	72,540	44,088	18,018	18,355

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	69,388	72,540	75,835	24,902
Accretion of interest recognised during the year/period	3,152	3,295	2,187	412
Modification of lease	–	–	3,025	–
Settled with other receivables	–	–	(51,540)	–
Settled with trade and bills receivables	–	–	–	(2,858)
Lease payments	–	–	(4,605)	–
Carrying amount at 31 December/ 31 May	72,540	75,835	24,902	22,456
Analysed into:				
Current portion	–	31,747	6,884	4,101
Non-current portion	72,540	44,088	18,018	18,355

The maturity analysis of lease liabilities is disclosed in note 36 to the Historical Financial Information.

(c) The amounts recognised in consolidated profit or loss in relation to leases are as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	3,152	3,295	2,187	412
Depreciation charge of right-of-use assets	6,197	8,340	8,974	3,809
Expense relating to short-term leases	226	475	280	254
Total amount recognised in profit or loss	9,575	12,110	11,441	4,475

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	3,152	3,295	2,187	412
Depreciation charge of right-of-use assets	976	976	1,242	630
Expense relating to short-term leases	–	200	–	–
Total amount recognised in profit or loss	4,128	4,471	3,429	1,042

(d) The total cash outflow for leases is disclosed in note 31(c) to the Historical Financial Information.

15. GOODWILL

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost at the beginning of the year/period, net of accumulated impairment	–	54,689	54,689	26,195
Acquisition of a subsidiary *(note 29)*	54,689	–	–	–
Impairment during the year/period	–	–	(28,494)	–
Cost at the end of the year/period, net of accumulated impairment	54,689	54,689	26,195	26,195

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost	54,689	54,689	54,689	54,689
Accumulated impairment	–	–	(28,494)	(28,494)
Net carrying amount	54,689	54,689	26,195	26,195

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the Shandong Haili cash-generating unit (note 29), which is mainly engaged in manufacturing and selling of veterinary vaccine for impairment testing.

The recoverable amounts of the cash-generating unit have been determined based on a value- in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management.

Key assumptions used in the value-in-use calculation

Assumptions were used in the value-in-use calculation of the Shandong Haili cash-generating units for the end of each Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
Budgeted gross margins	19.1%-56.6%	18.6%-55.7%	24.9%-51.5%	24.8%-51.5%
Terminal growth rate	2%	2%	2%	2%
Pre-tax discount rates	17.77%	17.76%	16.37%	16.43%

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Terminal growth rate – The rate is based on the historical data in the same industry and management's expectation of the future market.

Pre-tax discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of veterinary vaccine products industries, pre-tax discount rates and terminal growth rate are consistent with external information sources.

In the opinion of the directors of the Company, for the Shandong Haili cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. The headroom was RMB37,896,000, RMB35,371,000, nil and RMB7,455,000 as at the end of each Relevant Periods.

The Group performed the sensitivity analysis based on the assumption that the budgeted gross margins and pre-tax discount rates have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would have decreased by the following.

	RMB'000
31 December 2023	
Budgeted gross margins decreased by 1%	208
Pre-tax discount rates increased by 0.5%	199
31 December 2024	
Budgeted gross margins decreased by 1%	188
Pre-tax discount rates increased by 0.5%	178
31 December 2025	
Budgeted gross margins decreased by 1%	N/A
Pre-tax discount rates increased by 0.5%	N/A
31 May 2026	
Budgeted gross margins decreased by 1%	101
Pre-tax discount rates increased by 0.5%	103

16. OTHER INTANGIBLE ASSETS

The Group

	Patents and licenses	Trademarks	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023:				
Cost	72,189	–	4,592	76,781
Accumulated amortisation	(52,751)	–	(3,156)	(55,907)
Net carrying amount	19,438	–	1,436	20,874
Net carrying amount at 1 January 2023	19,438	–	1,436	20,874
Additions	5,665	–	914	6,579
Acquisition of a subsidiary	26,603	10,641	–	37,244
Disposals	–	–	(7)	(7)
Amortisation provided during the year *(note 6)*	(5,889)	(709)	(733)	(7,331)
At 31 December 2023:	45,817	9,932	1,610	57,359
At 31 December 2023:				
Cost	104,457	10,641	5,495	120,593
Accumulated amortisation	(58,640)	(709)	(3,885)	(63,234)
Net carrying amount	45,817	9,932	1,610	57,359
31 December 2024				
At 1 January 2024:				
Cost	104,457	10,641	5,495	120,593
Accumulated amortisation	(58,640)	(709)	(3,885)	(63,234)
Net carrying amount	45,817	9,932	1,610	57,359
Net carrying amount at 1 January 2024	45,817	9,932	1,610	57,359
Additions	5,874	–	78	5,952
Disposal	(148)	–	–	(148)
Amortisation provided during the year *(note 6)*	(7,681)	(1,064)	(783)	(9,528)
At 31 December 2024	43,862	8,868	905	53,635
At 31 December 2024:				
Cost	110,164	10,641	5,573	126,378
Accumulated amortisation	(66,302)	(1,773)	(4,668)	(72,743)
Net carrying amount	43,862	8,868	905	53,635
31 December 2025				
At 1 January 2025:				
Cost	110,164	10,641	5,573	126,378
Accumulated amortisation	(66,302)	(1,773)	(4,668)	(72,743)
Net carrying amount	43,862	8,868	905	53,635
Net carrying amount at 1 January 2025	43,862	8,868	905	53,635
Additions	9,401	–	–	9,401
Amortisation provided during the year *(note 6)*	(7,985)	(1,064)	(326)	(9,375)
Impairment#	(7,623)	(1,165)	–	(8,788)
At 31 December 2025	37,655	6,639	579	44,873
At 31 December 2025:				
Cost	119,565	10,641	5,573	135,779
Accumulated amortisation and impairment	(81,910)	(4,002)	(4,994)	(90,906)
Net carrying amount	37,655	6,639	579	44,873
31 May 2026				
At 1 January 2026:				
Cost	119,565	10,641	5,573	135,779
Accumulated amortisation and impairment	(81,910)	(4,002)	(4,994)	(90,906)

	Patents and licenses	Trademarks	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net carrying amount	37,655	6,639	579	44,873
Net carrying amount at 1 January 2026	37,655	6,639	579	44,873
Additions	6,677	–	316	6,993
Amortisation provided during the period *(note 6)*	(2,936)	(381)	(114)	(3,431)
At 31 May 2026	41,396	6,258	781	48,435
At 31 May 2026:				
Cost	126,242	10,641	5,889	142,772
Accumulated amortisation and impairment	(84,846)	(4,383)	(5,108)	(94,337)
Net carrying amount	41,396	6,258	781	48,435

Further details on the impairment testing of Shandong Haili CGU are disclosed in note 13 to the Historical Financial Information.

The Company

	Patents and licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 1 January 2023:			
Cost	4,924	4,398	9,322
Accumulated amortisation	(2,340)	(3,009)	(5,349)
Net carrying amount	2,584	1,389	3,973
Net carrying amount at 1 January 2023	2,584	1,389	3,973
Additions	–	915	915
Amortisation provided during the year	(437)	(720)	(1,157)
At 31 December 2023	2,147	1,584	3,731
At 31 December 2023:			
Cost	4,924	5,313	10,237
Accumulated amortisation	(2,777)	(3,729)	(6,506)
Net carrying amount	2,147	1,584	3,731
31 December 2024			
At 1 January 2024:			
Cost	4,924	5,313	10,237
Accumulated amortisation	(2,777)	(3,729)	(6,506)
Net carrying amount	2,147	1,584	3,731
Net carrying amount at 1 January 2024	2,147	1,584	3,731
Additions	–	80	80
Amortisation provided during the year	(450)	(773)	(1,223)
At 31 December 2024	1,697	891	2,588
At 31 December 2024:			
Cost	4,924	5,393	10,317
Accumulated amortisation	(3,227)	(4,502)	(7,729)
Net carrying amount	1,697	891	2,588
31 December 2025			
At 1 January 2025:			
Cost	4,924	5,393	10,317
Accumulated amortisation	(3,227)	(4,502)	(7,729)
Net carrying amount	1,697	891	2,588
Net carrying amount at 1 January 2025	1,697	891	2,588
Amortisation provided during the year	(353)	(317)	(670)
At 31 December 2025	1,344	574	1,918

	Patents and licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2025:			
Cost	4,924	5,393	10,317
Accumulated amortisation	(3,580)	(4,819)	(8,399)
Net carrying amount	1,344	574	1,918
31 May 2026			
At 1 January 2026:			
Cost	4,924	5,393	10,317
Accumulated amortisation	(3,580)	(4,819)	(8,399)
Net carrying amount	1,344	574	1,918
Net carrying amount at 1 January 2026	1,344	574	1,918
Additions	1,100	315	1,415
Amortisation provided during the period	(145)	(114)	(259)
At 31 May 2026	2,299	775	3,074
At 31 May 2026:			
Cost	6,024	5,708	11,732
Accumulated amortisation	(3,725)	(4,933)	(8,658)
Net carrying amount	2,299	775	3,074

17. INVENTORIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	64,392	68,750	46,606	44,388
Work in progress	24,532	22,130	31,420	27,900
Finished goods	75,990	83,601	97,923	84,951
Total	164,914	174,481	175,949	157,239

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	22,010	21,078	19,079	16,804
Work in progress	1,236	1,587	3,182	2,153
Finished goods	25,330	34,614	30,253	27,699
Total	48,576	57,279	52,514	46,656

18. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	459,979	461,227	457,531	510,997
Bills receivable	4,220	14,297	13,401	18,673
Subtotal	464,199	475,524	470,932	529,670
Impairment	(33,945)	(54,370)	(72,061)	(75,078)
Net carrying amount	430,254	421,154	398,871	454,592

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management of the Group. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade and bills receivables are amounts due from the Group's related parties of nil, RMB28,000, nil and nil respectively, at the end of each Relevant Periods, which are repayable on credit terms similar to those offered to other customers of the Group.

Bills receivable of RMB976,000, RMB852,000, RMB3,156,000 and RMB11,424,000 were classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at the end of each of the Relevant Periods. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant during the Relevant Periods.

The remaining bills receivable of RMB3,244,000, RMB13,445,000, RMB10,245,000 and RMB7,249,000 were measured at amortised cost.

The Group endorsed certain bills receivable accepted by certain banks in the PRC (the "Endorsed Bills") to certain of its suppliers in order to settle the trade and other payables and lease liabilities due to such suppliers with carrying amounts in aggregate of RMB3,056,000, RMB7,238,000, RMB30,611,000 and RMB38,146,000 as at the end of each of the Relevant Periods, respectively (the "Endorsement"). The Endorsed Bills had a maturity from three to six months as at the end of each of the Relevant Periods. In accordance with the Negotiable Instruments Law of the People's Republic of China and relevant discounting arrangements with certain banks in the PRC, the holders of the Endorsed Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to certain Endorsed Bills with amounts of RMB913,000, RMB4,012,000, RMB21,762,000 and RMB31,561,000 as at the end of each of the Relevant Periods, respectively, accepted by large and reputable banks (the "Derecognised Bills"). Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

For the rest of the Endorsed Bills, the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. As at the end of each of the Relevant Periods, the aggregate carrying amounts of the trade and other payables and lease liabilities settled by such Endorsed Bills to which the suppliers have recourse were RMB2,143,000, RMB3,226,000, RMB8,849,000 and RMB6,585,000, respectively.

During the Relevant Periods, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the Relevant Periods and cumulatively. The Endorsement has been made evenly throughout the Relevant Periods.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	276,598	266,955	231,124	248,889
Bills receivable	4,797	11,791	5,589	5,682
Subtotal	281,395	278,746	236,713	254,571
Impairment	(17,888)	(22,094)	(24,989)	(26,830)
Net carrying amount	263,507	256,652	211,724	227,741

Bills receivable of nil, RMB544,000, RMB1,349,000 and RMB2,529,000 were classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at the Relevant Periods. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant during the Relevant Periods.

The remaining bills receivable of RMB4,797,000, RMB11,247,000, RMB4,240,000 and RMB3,153,000 were measured at amortised cost.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice dates and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	371,561	356,749	344,833	393,971
1 to 2 years	41,986	43,788	33,327	34,801
2 to 3 years	12,487	6,320	7,310	7,147
Total	426,034	406,857	385,470	435,919

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	235,326	223,452	192,263	205,266
1 to 2 years	17,244	18,966	11,472	14,826
2 to 3 years	6,140	2,443	2,400	1,967
Total	258,710	244,861	206,135	222,059

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	11,346	33,945	54,370	72,061
Impairment loss *(note 6)*	23,133	21,884	20,398	3,090
Amount written off as uncollectible	(534)	(1,459)	(2,707)	(73)
At end of year/period	33,945	54,370	72,061	75,078

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	11,613	17,888	22,094	24,989
Impairment loss	6,526	4,331	4,183	1,841
Amount written off as uncollectible	(251)	(125)	(1,288)	–
At end of year/period	17,888	22,094	24,989	26,830

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing and customer type). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on trade receivables using a provision matrix:

The Group

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	6,346	100.0%	6,346
Other trade receivables aged:			
Within 1 year	378,369	1.8%	6,808
1 to 2 years	48,464	13.4%	6,478
2 to 3 years	20,437	38.9%	7,950
Over 3 years	6,363	100.0%	6,363
Total	459,979	7.38%	33,945

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	11,718	100.0%	11,718
Other trade receivables aged:			
Within 1 year	367,528	2.9%	10,779
1 to 2 years	53,757	18.5%	9,969
2 to 3 years	14,098	55.2%	7,778
Over 3 years	14,126	100.0%	14,126
Total	461,227	11.79%	54,370

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	20,462	100.0%	20,462
Other trade receivables aged:			
Within 1 year	355,839	3.1%	11,006
1 to 2 years	44,653	25.4%	11,326
2 to 3 years	18,662	60.8%	11,352
Over 3 years	17,915	100.0%	17,915
Total	457,531	15.75%	72,061

As at 31 May 2026

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	20,924	100.0%	20,924
Other trade receivables aged:			
Within 1 year	406,312	3.0%	12,341
1 to 2 years	44,431	21.7%	9,630
2 to 3 years	20,171	64.6%	13,024
Over 3 years	19,159	100.0%	19,159
Total	510,997	14.69%	75,078

The Company

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	6,721	100.0%	6,721
Other trade receivables aged:			
Within 1 year	238,579	1.4%	3,253
1 to 2 years	19,431	11.3%	2,187
2 to 3 years	10,047	38.9%	3,907
Over 3 years	1,820	100.0%	1,820
Total	276,598	6.47%	17,888

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	6,864	100.0%	6,864
Other trade receivables aged:			
Within 1 year	228,289	2.1%	4,837
1 to 2 years	22,383	15.3%	3,417
2 to 3 years	5,347	54.3%	2,904
Over 3 years	4,072	100.0%	4,072
Total	266,955	8.28%	22,094

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	12,506	100.0%	12,506
Other trade receivables aged:			
Within 1 year	195,691	1.8%	3,428
1 to 2 years	13,315	13.8%	1,843
2 to 3 years	4,164	42.4%	1,764
Over 3 years	5,448	100.0%	5,448
Total	231,124	10.80%	24,989

As at 31 May 2026

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	12,601	100.0%	12,601
Other trade receivables aged:			
Within 1 year	210,041	2.3%	4,775
1 to 2 years	17,250	14.1%	2,424
2 to 3 years	3,412	42.4%	1,445
Over 3 years	5,585	100.0%	5,585
Total	248,889	10.78%	26,830

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	36,488	44,113	27,360	27,824
Other receivables	46,329	31,316	41,040	38,975

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance payments for non-current assets	27,702	39,015	24,495	26,951
Loans to third parties *(a)*	12,300	51,503	32,977	9,475
Loans to related parties *(b)*	10,329	10,543	15,240	15,140
Deferred [**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deductible input value-added tax	8,732	9,490	12,349	11,629
Right-of-return assets	2,817	2,301	2,461	2,405
	144,697	188,281	160,978	140,434
Impairment allowance	(25,378)	(27,557)	(31,798)	(28,467)
Net carrying amount	119,319	160,724	129,180	111,967
Analysed into:				
Current portion	81,367	110,959	93,270	73,576
Non-current portion	37,952	49,765	35,910	38,391

Notes:

(a) The loans were provided to third parties consist of:

(i) loans amounted to RMB10,000,000, which was provided in 2023 and bear interest at an annual rate of 5%, unsecured and collected in February 2026;

(ii) loans amounted to RMB2,050,000, which was provided in 2023, and loans amounted to RMB350,000, which was provided in 2025, were non-interest bearing, unsecured and collected in May 2026;

(iii) loans amounted to RMB570,000, which was provided in 2025 and bear interest at an annual rate of 6%, unsecured and collected in January 2026;

(iv) loans amounted to RMB2,019,000, which was provided in 2025 to a third party, interest-free, repayable on demand and fully impaired;

(v) loans amounted to RMB10,082,000, which was provided in 2025 and bear interest at an annual rate of 5%, unsecured and settled in May 2026;

(vi) loans amounted to RMB800,000, which was provided in 2026 and bear interest at an annual rate of 6%, unsecured and repayable within April 2027;

(vii) the rest loans are non-interest bearing, unsecured and repayable on demand as at the end of each Relevant Periods.

(b) The loans to related parties were represented:

(i) loans given to an associate, Gaomi Nanyang Taikefeng Environmental Technology Co., Ltd. ("Nanyang Taikefeng"), which bear interest rate of 7% per annum, unsecured and repayable on demand, and was fully impaired (note 33(d));

(ii) an interest-free loan provided from Beijing Sinder to Sinder Lingbi for a litigation (note 33(c)(ii));

(iii) an interest-free loan provided from Beijing Sinder to Sinder Longhua, unsecured and was fully impaired (note 33(c)(ii)).

Except loans to third parties and loans to related parties, the rest of financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand.

The movements in the loss allowance for impairment of loans to third parties, loans to related parties and other receivables are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	24,327	25,378	27,557	31,798
Impairment losses, net *(note 6)*	1,941	2,330	4,805	(3,331)
Write-off	(890)	(151)	(564)	–
At end of year/period	25,378	27,557	31,798	28,467

Loans to third parties, loans to related parties and other receivables for which the counterparties failed to make the demanded repayments are defaulted receivables and provided fully provision. The Group has provided impairment for the defaulted receivables based on the cash flows that the Group expects to receive. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of the debtors with published credit ratings. In the situation where the debtors do not have published credit ratings, expected credit losses are estimated by applying a loss rate approach with reference to general loss rates of commercial banks. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rates applied ranged from 1.37% to 100%, 1.33% to 100%, 1.50% to 100% and 1.51% to 100% as at the end of each of the Relevant Periods, respectively.

Included in the Group's prepayments, other receivables and other assets are amounts due from the Group's related parties of RMB10,868,000, RMB10,668,000, RMB15,365,000 and RMB15,234,000, respectively, at the end of each Relevant Periods.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	17,579	26,426	16,592	13,877
Other receivables	31,638	64,673	51,300	28,861
Due from subsidiaries	360,571	288,954	267,450	308,107
Advance payments for non-current assets	20,582	18,451	891	1,104
Finance lease receivables from a subsidiary	64,981	67,933	114,583	111,001
Deferred [**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deductible input value-added tax	4,157	5,389	6,743	6,446
Right-of-return assets	1,759	1,381	1,661	2,320
	501,267	473,207	464,276	479,751
Impairment allowance	(111,490)	(121,776)	(102,028)	(124,266)
Net carrying amount	389,777	351,431	362,248	355,485
Analysed into:				
Current portion	293,964	282,736	253,044	249,913
Non-current portion	95,813	68,695	109,204	105,572

The movements in the loss allowance for impairment of loans to third parties, loans to an associate and other receivables are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	80,491	111,490	121,776	102,028
Impairment losses, net *(note 6)*	31,638	10,286	(19,183)	22,238
Write-off	(639)	–	(565)	–
At end of year/period	111,490	121,776	102,028	124,266

Other receivables and amounts due from subsidiaries for which the counterparties failed to make the demanded repayments are defaulted receivables and provided fully provision. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of the debtors with published credit ratings. In the situation where the debtors do not have published credit ratings, expected credit losses are estimated by applying a loss rate approach with reference to general loss rates of commercial banks. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rates applied ranged from 1.37% to 100%, 1.33% to 100%, 1.50% to 100% and 1.51% to 100% as at the end of each of the Relevant Periods, respectively.

20. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSIT

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	194,064	154,403	209,553	160,844
Less:				
Pledged for short term loans *(note 23(a)(iii))*	21,000	21,000	24,012	21,011
Pledged for bill payables	9,463	3,307	–	–

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged for letters of guarantee	144	1,990	–	–
Restricted cash	184	27,545	27,593	27,771
Cash and cash equivalents	163,273	100,561	157,948	112,062
Denominated in RMB	163,273	100,561	155,489	109,564
Denominated in United States dollars ("US$")	–	–	1,579	2,376
Denominated in other currencies	–	–	880	122
Cash and cash equivalents	163,273	100,561	157,948	112,062

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2024 and 2025 and 31 May 2026, restricted cash of RMB27,359,000, RMB27,097,000 and RMB27,263,000 were pledged for litigation. The details of the litigation are included in note 33(c)(i) to the Historical Financial Information.

As at 31 December 2023, 2024 and 2025 and 31 May 2026, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month ECLs, and has assessed that the ECLs are immaterial.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	86,564	67,312	69,322	46,098
Less:				
Pledged for short term loans *(note 23(f)(iii))*	21,000	21,000	14,012	11,011
Pledged for bill payables	9,463	3,307	–	–
Restricted cash	126	126	263	263
Cash and cash equivalents	55,975	42,879	55,047	34,824
Denominated in RMB	55,975	42,879	55,047	34,824

21. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice dates, is as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	133,144	142,836	158,275	97,863
1 to 2 years	7,076	11,681	11,448	36,469
2 to 3 years	4,068	1,627	4,918	5,832
Over 3 years	9,262	8,914	7,504	5,723
Total	153,550	165,058	182,145	145,887

Included in the Group's trade and bills payables are amounts due to the Group's related parties of nil, RMB110,000, nil and RMB108,000, respectively, at the end of each Relevant Periods.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	125,349	148,730	169,520	157,285
1 to 2 years	2,967	1,949	60	137
2 to 3 years	2,021	393	307	284
Over 3 years	1,615	2,911	1,158	965
Total	131,952	153,983	171,045	158,671

Included in the Company's trade and bills payables are amounts due to the subsidiaries of RMB75,118,000, RMB99,753,000, RMB155,687,000 and RMB145,057,000, respectively, at the end of each Relevant Periods.

The trade payables are non-interest-bearing and are normally settled on 30 to 180 days terms.

22. OTHER PAYABLES AND ACCRUALS

The Group

		As at 31 December			As at 31 May
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	*(a)*	185,877	164,423	72,002	66,645
Contract liabilities	*(b)*	58,034	58,851	70,433	66,364
Accrued payroll		36,203	36,511	34,380	31,644
Other tax payables		13,791	14,716	16,740	25,229
Refund liabilities		5,507	4,473	4,949	4,846
Financial guarantee contracts	*(c)*	18,654	19,483	19,551	20,230
Deferred government grant due to unfulfilled obligations		36,574	17,350	17,492	4,882
Total		354,640	315,807	235,547	219,840
Analysed into:					
Current portion		318,066	298,457	231,405	215,858
Non-current portion		36,574	17,350	4,142	3,982

Notes:

(a) Other payables are non-interest-bearing and repayable on demand. Included in the Group's other payables are amounts due to the Group's related parties of RMB725,000, RMB300,000, RMB452,000 and RMB300,000, respectively, at the end of each Relevant Periods.

(b) Details of contract liabilities are as follows:

	1 January	31 December			31 May
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers					
Sale of goods and services	46,692	58,034	58,851	70,433	66,364

Contract liabilities include short-term advances received to deliver veterinary pharmaceutical products. The increase in contract liabilities in the Relevant Periods was mainly due to the Group received prepayments from customers for purchasing veterinary pharmaceutical products.

(c) The financial guarantee contracts represent guarantees, made by the Group with no guarantee charges, given to related parties for the borrowing contracts or sales and leaseback arrangements with third parties (note 33(c)(i)&(ii)), and given to a third party for a borrowing contract with bank. The Group does not hold any collateral or other credit enhancements over the guarantees.

The financial guarantee contracts are measured at the ECL allowance. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor (i.e., the related parties). During the Relevant Periods, there are additional ECL allowances of RMB88,000, RMB829,000, RMB68,000 and RMB679,000 provided.

The credit exposure of the financial guarantee contracts is classified as stage 3. During the Relevant Periods and the five months ended 31 May 2025, there were no transfers between stages.

The Company

		As at 31 December			As at 31 May
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	*(a)*	151,645	175,373	35,978	31,147
Due to subsidiaries	*(a)*	105,647	128,062	159,828	158,764
Accrued payroll		18,251	17,578	15,498	13,927
Other tax payables		10,932	12,271	12,899	13,907
Contract liabilities	*(b)*	14,944	16,252	21,996	23,365
Refund liabilities		3,462	2,997	3,166	4,592
Deferred government grant due to unfulfilled obligations		12,404	4,600	3,682	3,982
Total		317,285	357,133	253,047	249,684
Analysed into:					
Current portion		304,881	352,533	249,365	245,702
Non-current portion		12,404	4,600	3,682	3,982

Notes:

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	1 January	31 December			31 May
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers					
Sale of goods and services	16,708	14,944	16,252	21,996	23,365

Contract liabilities include short-term advances received to deliver veterinary pharmaceutical products. The decrease in contract liabilities in 2023 was mainly due to the advance received in 2022 were recognised as revenue in 2023. The increase in contract liabilities in 2024 and 2025 was mainly due to the Group received prepayments from customers for purchasing veterinary pharmaceutical products.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	Effective interest rate (%)	Maturity	As at 31 December			As at 31 May
			2023	2024	2025	2026
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current						
Bank loans – secured *(note (a))*	2.4%-6.0%	Within 1 year	394,352	358,827	338,923	304,357
Bank loans – unsecured	3.1%-7.16%	Within 1 year	8,220	3,000	15,000	–
Other borrowings – secured *(note (b))*	4.75%-9.49%	Within 1 year	92,452	105,556	98,467	78,251
Discounted bills receivable	1.29%-2.2%	Within 1 year	36,000	36,000	22,000	20,000
A convertible bond *(note (d))*	8.0%	Within 1 year	73,467	11,560	–	–
Total – current			604,491	514,943	474,390	402,608

	Effective interest rate (%)	Maturity	As at 31 December			As at 31 May
			2023	2024	2025	2026
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current						
Bank loans – secured *(note (a))*	2.8%-4.5%	Over 1 year	4,506	32,005	108,115	112,680
Other borrowings – secured *(note(b))*	4.75%-9.49%	Over 1 year	44,282	72,176	27,600	53,319
Total – non-current			48,788	104,181	135,715	165,999
Total			653,279	619,124	610,105	568,607

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank and other borrowings:				
Within one year or on demand	604,491	514,943	474,390	402,608
In the second year	41,313	73,450	110,272	136,036
In the third year, inclusive	7,475	30,731	25,443	29,963
Total	653,279	619,124	610,105	568,607

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over the Group's property, plant and equipment, which had an aggregate carrying amount of RMB170,440,000, RMB166,799,000, RMB153,443,000 and RMB150,704,000, respectively, at the end of each Relevant Periods (note 13);

(ii) mortgages over the Group's leasehold lands, which had an aggregate carrying amount of RMB13,033,000, RMB12,635,000, RMB12,042,000 and RMB11,881,000, respectively, at the end of each Relevant Periods (note 14);

(iii) the pledge of certain of the Group's deposits amounting to RMB21,000,000, RMB21,000,000, RMB24,012,000 and RMB21,011,000, respectively, at the end of each Relevant Periods (note 20);

(iv) the Company's controlling shareholder has guaranteed certain of the Group's bank borrowings up to RMB346,300,000, RMB327,000,000, RMB243,000,000 and RMB159,500,000, respectively, at the end of each Relevant Periods (note 33(c)(iii));

(v) Lou Zongliang, Fan Guobing and Shandong Taikefeng Biotechnology's legal representative, Yang Jianwen, have guaranteed certain of the Group's bank borrowings up to RMB46,000,000, RMB25,500,000, RMB29,450,000 and RMB24,450,000, respectively, at the end of each Relevant Periods (note 33(c)(iv)).

(b) The Group's other borrowings are sales and lease back arrangements from independent third parties, bear interest at rates ranging from 4.75% to 9.49% per annum and are secured by the pledge of certain of the Group's property, plant and equipment, which had a net carrying amount of RMB213,418,000, RMB262,166,000, RMB125,341,000 and RMB100,177,000, respectively, at the end of each Relevant Periods (note 13).

The Company's controlling shareholder has guaranteed certain of the Group's other borrowings up to RMB129,188,000, RMB177,683,000, RMB126,065,000 and RMB62,915,000, respectively, at the end of each Relevant Periods (note 33(c)(iii)).

(c) The Group's bank loans as at the end of each Relevant Periods were denominated in RMB.

(d) In 2020, the Company issued a convertible bond in the principal amount of RMB58,000,000 to an independent third-party subscriber with an annual interest rate of 8%. The maturity date of the convertible bonds is 4 years after the first drawdown date. The bonds carry interest is payable at maturity. The principal amount and part of the interest was paid in 2024 and the rest of the interest was full settled in 2025.

The bonds are convertible at the option of the bondholders into ordinary shares on the maturity date or within one year prior to the maturity date. The convertible price is determined at the lower valuation of i) twenty times the prior fiscal year's audited net profit after excluding non-recurring gains and losses and ii) the most recent equity transaction valuation price. In addition, the convertible price shall not lower than the valuation price of RMB1.2 billion. The conversion share number shall be equal to the

principal amount plus interests, divided by the conversion valuation, then multiplied by the total number of issued and outstanding shares of the Company calculated on a fully diluted and as-converted basis as of immediately prior to the conversion.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option, which is almost equivalent to the principal amount of the bond and subsequently recorded as financial liabilities at amortised cost in interest-bearing bank and other borrowing account. The fair value of the convertible option is minimal.

Li Zhaoyang, the Company's controlling shareholder, has guaranteed the convertible bond (note 33(c)(iii)). A total of 49% of the equity interests in Qingdao Sinder, which is a subsidiary of the Company, was pledged to secure certain performance guarantee in relation to the convertible bond agreement.

(e) Certain of the Group's bank loans amounted to RMB28,000,000, RMB28,000,000 and RMB28,000,000 as at 31 December 2024 and 2025 and 31 May 2026, are required that the respective borrower shall ensure its ongoing compliance with the following financial covenant:

i) a debt-to-asset ratio of no more than 70% or 100%;

ii) no dividends or distributions of any kind shall be made to shareholders if the net profit after tax for the relevant financial year is zero or negative, or if net profit is insufficient to cover accumulated losses from previous financial years, or if the before tax profit has not been applied to repay the principal, interest, and expenses due within the financial year, or if the before tax profit is insufficient to cover the principal, interest, and expenses due in the next period.

The Group remained in compliance with the above financial covenants during the Relevant Periods.

The Company

	Effective interest rate (%)	Maturity	As at 31 December			As at 31 May
			2023	2024	2025	2026
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current						
Bank loans – secured *(note (f))*	2.8%-6.0%	Within 1 year	203,273	187,060	146,260	116,275
Other borrowings – secured *(note (g))*	4.75%-9.49%	Within 1 year	78,102	58,549	54,968	62,804
A convertible bond *(note (d))*	8.0%	Within 1 year	73,467	11,560	–	–
Total – current			354,842	257,169	201,228	179,079
Non-current						
Bank loans – secured *(note (f)(i)&(iii))*	2.8%-3.7%	Over 1 year	–	–	72,950	72,950
Other borrowings – secured *(note (g))*	4.75%-9.49%	Over 1 year	39,922	26,868	25,779	53,319
Total – non-current			39,922	26,868	98,729	126,269
Total			394,764	284,037	299,957	305,348

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank and other borrowings:				
Within one year or on demand	354,842	257,169	201,228	179,079
In the second year	36,813	24,139	95,687	118,706
In the third year, inclusive	3,109	2,729	3,042	7,563
Total	394,764	284,037	299,957	305,348

Notes:

(f) Certain of the Company's bank loans are secured by:

(i) mortgages over the Company's property, plant and equipment, which had an aggregate carrying amount of RMB22,243,000, RMB23,699,000, RMB29,402,000 and RMB27,309,000, respectively, at the end of each Relevant Periods (note 13);

(ii) mortgages over the subsidiaries' property, plant and equipment, which had an aggregate carrying amount of RMB45,404,000, RMB45,405,000, RMB45,824,000 and RMB44,702,000, respectively, at the end of each Relevant Periods;

(iii) the pledge of certain of the Company's deposits amounting to RMB21,000,000, RMB21,000,000, RMB14,012,000 and RMB11,011,000, respectively, at the end of each Relevant Periods (note 20);

(iv) the Company's controlling shareholder has guaranteed certain of the Company's bank loans up to RMB224,000,000, RMB200,000,000, RMB129,000,000 and RMB80,000,000, respectively, at the end of each Relevant Periods.

(g) Certain of the Company's other borrowings are from independent third parties, bear interest at rates ranging from 4.75% to 9.49% per annum and are secured by the pledge of certain of the Company's property, plant and equipment, which had a net carrying amount of RMB159,914,000, RMB158,018,000, RMB67,258,000 and RMB39,730,000, respectively, pledge of certain of subsidiaries' property, plant and equipment, which had a net carrying amount of nil, nil, RMB5,043,000 and RMB16,739,000, respectively, at the end of each Relevant Periods (note 13).

(h) The Company's controlling shareholder has guaranteed certain of the Company's other borrowings up to RMB118,026,000, RMB85,416,000, RMB80,748,000 and RMB47,468,000, respectively, at the end of each Relevant Periods.

24. EMPLOYEE INCENTIVE SCHEMES

Restricted Shares Plan

The Company adopted a Restricted Shares Plan ("the Plan") to recognise and reward the contribution of certain eligible employees to the growth and development of the Group and to give them incentives in order to retain them for the continual operation and development of the Group. The Group granted restricted shares under the Plan through two share-based payment incentive platforms, Weifang Miao Suan Investment Partnership (Limited Partnership) and Weifang Ji Sheng Investment Partnership (Limited Partnership).

On 6 December 2023, 3.51% shares of the Company were granted to 86 selected employees for a consideration of RMB32,203,000 ("Restricted Shares"), which was almost equal to the fair value of these shares. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period for 60 months. During the Relevant Periods and the five months ended 31 May 2025, no share-based payment expense was charged to profit or loss.

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Lease liabilities	Impairment losses on financial assets	Impairment losses on non-financial assets	Government grant	Unrealised profit from inter-company transactions	Unused tax losses	Provision of sales return and financial guarantee contracts	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,085	4,776	9,682	5,336	95	3,623	3,072	27,669
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	9,796	3,016	(265)	(886)	20	(2,803)	544	9,422
At 31 December 2023 and 1 January 2024	10,881	7,792	9,417	4,450	115	820	3,616	37,091
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	494	2,854	25	(491)	(72)	766	15	3,591
At 31 December 2024 and 1 January 2025	11,375	10,646	9,442	3,959	43	1,586	3,631	40,682

	Lease liabilities	Impairment losses on financial assets	Impairment losses on non-financial assets	Government grant	Unrealised profit from inter-company transactions	Unused tax losses	Provision of sales return and financial guarantee contracts	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	(7,640)	1,588	(728)	(909)	56	4,329	22	(3,282)
At 31 December 2025 and 1 January 2026	3,735	12,234	8,714	3,050	99	5,915	3,653	37,400
Deferred tax credited/(charged) to profit or loss during the period *(note 10)*	(367)	110	(94)	(257)	(57)	(528)	107	(1,086)
At 31 May 2026	3,368	12,344	8,620	2,793	42	5,387	3,760	36,314

The Company

	Lease liabilities	Impairment losses on financial assets	Impairment losses on non-financial assets	Deferred income	Unused tax losses	Provision of sales return and financial guarantee contracts	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,085	13,816	2,449	5,080	237	149	22,816
Deferred tax credited/(charged) to profit or loss during the year	49	5,590	115	(852)	(237)	370	5,035
At 31 December 2023 and 1 January 2024	1,134	19,406	2,564	4,228	–	519	27,851
Deferred tax credited/(charged) to profit or loss during the year	51	2,174	(17)	(457)	794	(69)	2,476
At 31 December 2024 and 1 January 2025	1,185	21,580	2,547	3,771	794	450	30,327
Deferred tax credited/(charged) to profit or loss during the year	(412)	(2,528)	(137)	(876)	4,490	25	562
At 31 December 2025 and 1 January 2026	773	19,052	2,410	2,895	5,284	475	30,889
Deferred tax credited/(charged) to profit or loss during the period	(422)	3,613	(32)	(244)	103	214	3,232
At 31 May 2026	351	22,665	2,378	2,651	5,387	689	34,121

Deferred tax liabilities

The Group

	Right-of-use assets	Right of return assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	1,002	138	1,140
Deferred tax charged to profit or loss during the year *(note 10)*	6,390	284	6,674
At 31 December 2023 and 1 January 2024	7,392	422	7,814

	Right-of-use assets	Right of return assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax credited to profit or loss during the year *(note 10)*	(986)	(56)	(1,042)
At 31 December 2024 and 1 January 2025	6,406	366	6,772
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	231	(7)	224
At 31 December 2025 and 1 January 2026	6,637	359	6,996
Deferred tax charged/(credited) to profit or loss during the period *(note 10)*	(503)	1	(502)
At 31 May 2026	6,134	360	6,494

The Company

	Right-of-use assets	Right of return assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	1,002	56	1,058
Deferred tax charged/(credited) to profit or loss during the year	(118)	208	90
At 31 December 2023 and 1 January 2024	884	264	1,148
Deferred tax credited to profit or loss during the year	(118)	(57)	(175)
At 31 December 2024 and 1 January 2025	766	207	973
Deferred tax charged to profit or loss during the year	298	42	340
At 31 December 2025 and 1 January 2026	1,064	249	1,313
Deferred tax charged/(credited) to profit or loss during the period	(80)	98	18
At 31 May 2026	984	347	1,331

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	29,699	34,276	33,665	32,946
Net deferred tax liabilities recognised in the consolidated statement of financial position	(422)	(366)	(3,261)	(3,126)
Total	29,277	33,910	30,404	29,820

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	26,967	29,561	30,116	33,770
Net deferred tax liabilities recognised in the consolidated statement of financial position	(264)	(207)	(540)	(980)
Total	26,703	29,354	29,576	32,790

The Group also has tax losses arising in the Chinese mainland that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	148,440	161,037	204,638	206,758
Deductible temporary differences	76,587	106,529	95,977	95,439
Total	225,027	267,566	300,615	302,197

26. GOVERNMENT GRANTS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January,	36,683	30,709	39,177	32,218
Grants received during the year/period	–	16,903	700	–
Amount released	(5,974)	(8,435)	(7,659)	(2,157)
Total	30,709	39,177	32,218	30,061

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January,	33,867	28,185	25,140	19,299
Grants received during the year/period	–	3,828	–	–
Amount released	(5,682)	(6,873)	(5,841)	(1,623)
Total	28,185	25,140	19,299	17,676

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research and improvement of manufacturing facilities on certain special projects. Upon completion of the related projects and having passed the final assessment from the relevant government authorities, the grants related to the expense items would be recognised as other income directly in profit or loss and the grants related to an asset would be released to profit or loss over the expected useful life of the relevant asset.

27. SHARE CAPITAL

The Group and the Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Ordinary shares with a nominal value of RMB1.00 each	60,376	60,376	131,913	131,913

Prior to the Relevant Periods, the Company entered into respective capital increase agreements with various [**REDACTED**] Investors, and agreed the [**REDACTED**] Investors to subscribe for the increased registered capital thereto with a total consideration of approximately RMB280 million (collectively, the "[**REDACTED**] Investments") with the respective par value being recorded as share capital and the remainder as reserves. The Company provided the joint and several guarantees to certain [**REDACTED**] Investors for the redemption rights granted by Li Zhaoyang, the controlling shareholder of the Company, and Intime International Limited, the entity controlled by Li Zhaoyang, the total consideration of which was amounted to RMB130 million.

There was no exercise of joint redemption rights guaranteed by the Company throughout the Relevant Periods and the five months ended 31 May 2025.

In October and December 2025, the Company and certain [**REDACTED**] Investors subsequently entered into supplemental agreements, agreeing that the joint and several guarantees provided by the Company for the redemption rights have been terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present certain [**REDACTED**] Investments as equity throughout the Relevant Periods and the five months ended 31 May 2025.

Had the joint redemption rights guaranteed by the Company to the [**REDACTED**] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, (i) the redemption financial liabilities, total current liabilities, net current liabilities and net assets would have been:

	As at 31 December	
	2023	2024
	RMB'000	*RMB'000*
Redemption financial liabilities	156,569	166,997
Total current liabilities	1,236,809	1,177,500
Net current liabilities	366,210	316,503
Net assets	450,972	453,672

and (ii) the finance costs associated with the redemption financial liabilities, and the net profit for the year, basic and diluted earnings per share would have been:

	Year ended 31 December			Five months ended 31 May
	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Finance costs associated with the redemption financial liabilities	10,400	10,428	10,403	4,302
Total net profit	24,363	17,690	436	23,643
Basic and diluted earnings per share (expressed in RMB)	0.18	0.13	–*	0.18

* Amount less than RMB0.01

Pursuant to a shareholder resolution of the Company dated 26 November 2025, the Company's share capital was increased by RMB71,536,360 from capitalisation of capital reserves. As a result, the share capital of the Company was increased to RMB131,912,513 upon completion, which is completed in December 2025.

28. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company and the reserves resulting from transactions with non-controlling interests.

In August 2023, the Group acquired 25.5% equity interests in Shandong Xincheng Breeding Technology Service Co., Ltd. ("Shandong Xincheng") from the non-controlling shareholder, at consideration of RMB1,250,000. The difference between the consideration and net assets of Shandong Xincheng of RMB1,236,000 has been debited to the capital reserve.

In October 2024, the Group acquired 25% equity interests in Shandong Sinder Animal Vaccine from the non-controlling shareholder, at consideration of RMB14,990,000. The difference between the consideration and net assets of Shandong Sinder Animal Vaccine of RMB9,451,000 has been debited to the capital reserve.

Statutory surplus reserve

In accordance with the PRC Company Law, subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the PRC Company Law, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information.

The Company

	Capital reserves	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	383,197	30,188	55,883	469,268
Profit for the period and total comprehensive income for the period	–	–	6,161	6,161
Transfer to statutory surplus reserve	–	616	(616)	–
At 31 December 2023 and 1 January 2024	383,197	30,804	61,428	475,429
Profit for the period and total comprehensive income for the period	–	–	21,254	21,254
Transfer to statutory surplus reserve	–	2,125	(2,125)	–
At 31 December 2024 and 1 January 2025	383,197	32,929	80,557	496,683
Loss for the period and total comprehensive loss for the period	–	–	(62,021)	(62,021)
Issuance of shares	(71,537)	–	–	(71,537)
At 31 December 2025 and 1 January 2026	311,660	32,929	18,536	363,125
Loss for the period and total comprehensive loss for the period	–	–	(9,051)	(9,051)
At 31 May 2026	311,660	32,929	9,485	354,074

29. BUSINESS COMBINATION

On 12 April 2023, the Group entered into an equity transfer agreement to acquire 100% interest in Shandong Haili from an independent third party. The consideration for the acquisition was RMB113,300,000. After the acquisition, the Group holds 100% equity interests in Shandong Haili. The Group determined that the acquisition date of this transaction was 24 April 2023, and Shandong Haili was included in the scope of consolidation from 24 April 2023.

The fair values of the identifiable assets and liabilities of Shandong Haili as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	10,972
Other intangible assets	*16*	37,244
Right-of-use assets	*#*	74,278
Inventories		38,862
Cash and bank balances		3,508
Trade receivables		5,308
Prepayments and other receivables		4,267
Trade payables		(26,704)
Accruals and other payables		(6,538)
Lease liabilities	*14(b)*	(82,586)
Total identifiable net assets at fair value		58,611
Goodwill on acquisition	*15*	54,689
Satisfied by cash		113,300

The right-of-use assets contains i) rental of buildings and plants from the Company of RMB55,164,000 under finance lease arrangement and ii) rental of machinery from the Company of RMB19,114,000 under operating lease arrangement, which will be eliminated in the consolidation of the Group.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(113,300)
Cash and bank balances acquired	3,508
Net outflow of cash and cash equivalents	(109,792)
Total net cash outflow	(109,792)

Since the acquisition, Shandong Haili contributed RMB43,523,000, RMB47,731,000, RMB57,599,000 and RMB19,729,000 to the Group's revenue, and contributed losses of RMB19,425,000, RMB17,543,000, RMB11,979,000 and RMB5,659,000 to the consolidated profit for the Relevant Periods.

30. DISPOSAL OF A SUBSIDIARY

The entire equity interests of Shandong Zhuzi were transferred to a third party at a consideration of RMB1,512,000 in September 2023.

	2023
	RMB'000
Net assets disposed of:	
Cash and cash equivalents	3,581
Prepayments, other receivables and other assets	25
Inventories	9
Trade and bills payables	(55)
Other payables and accruals	(832)
Non-controlling interests	(1,337)
Subtotal	1,391
Gain on disposal of a subsidiary	121
Total consideration	1,512
Satisfied by cash	1,512

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary are as follows:

	2023
	RMB'000
Cash consideration	1,512
Cash and bank balances disposed of	(3,581)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(2,069)

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of RMB55,164,000, nil, RMB3,025,000 and nil for the years ended 31 December 2023, 2024 and 2025 and five months ended 31 May 2026, respectively, in respect of lease arrangements for buildings and plants.

During the year ended 31 December 2025, the Group had non-cash settlement of lease liabilities with prepayments, other receivables and other assets of RMB51,540,000 (note 14(b)). During the period ended 31 May 2026, the Group had non-cash settlement of lease liabilities with trade and bills receivables of RMB2,858,000 (note 14(b)).

During the period ended 31 May 2026, the Group had non-cash settlement of other payables and accruals with prepayments, other receivables and other assets of RMB10,082,000.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Bank and other borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	69,388	591,961	661,349
Changes from financing cash flows	–	27,909	27,909
Interest expense	3,152	33,409	36,561
At 31 December 2023 and 1 January 2024	72,540	653,279	725,819
Changes from financing cash flows	–	(67,147)	(67,147)
Interest expense	3,295	32,992	36,287
At 31 December 2024 and 1 January 2025	75,835	619,124	694,959
Changes from financing cash flows	(4,605)	(39,223)	(43,828)
Modification of lease	3,025	–	3,025
Settled with prepayments, other receivables and other assets	(51,540)	–	(51,540)
Interest expense	2,187	30,204	32,391
At 31 December 2025 and 1 January 2026	24,902	610,105	635,007
Changes from financing cash flows	–	(51,895)	(51,895)
Settled with trade and bills receivables	(2,858)	–	(2,858)
Interest expense	412	10,397	10,809
At 31 May 2026	22,456	568,607	591,063

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	226	475	280	254
Within financing activities	–	–	4,605	–
Total	226	475	4,885	254

32. COMMITMENTS

The Group had the following contractual commitments as at the end of the Relevant Periods:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Property, plant and equipment	15,922	11,451	4,744	16,596

33. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the Relevant Periods and the five months ended 31 May 2025.

(a) Name and relationships of the related parties:

Name of related parties	Relationship
Li Zhaoyang	Controlling shareholder
Sumitomo Corporation	Shareholder
Lou Zongliang	Director
Nanyang Taikefeng	Associate
Qingdao Youchong Pet Food Co., Ltd. ("Qingdao Youchong")	Controlled by the controlling shareholder
Shandong Chongzhiyoupin Pet Food Co., Ltd. ("Shandong Chongzhiyoupin")	Controlled by the controlling shareholder
Hainan Sinder Nanzhu Pharmaceutical Co., Ltd. ("Sinder Nanzhu")	Controlled by the controlling shareholder
Sumitomo Corporation Middle East FZE ("Sumitomo Middle East")	Controlled by Sumitomo Corporation
Sumitomo Corporation Vietnam LLC. ("Sumitomo Vietnam")	Controlled by Sumitomo Corporation
Sumitomo Corporation JSC, Almaty Branch ("Sumitomo Almaty")	Controlled by Sumitomo Corporation
INTIME INTERNATIONAL LIMITED ("INTIME")	Controlled by the controlling shareholder
Fan Guobing	A close relative of the controlling shareholder
Sinder Lingbi Biotechnology Co., Ltd. ("Sinder Lingbi")	Controlled by a close relative of the controlling shareholder
Sinder Longhua Biotechnology Co., Ltd. ("Sinder Longhua")	Controlled by a close relative of the controlling shareholder

(b) Transactions with related parties:

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Sales of products:						
Shandong Chongzhiyoupin	*(i)*	551	40	130	18	5
Sinder Nanzhu	*(i)*	703	–	–	–	–
Sumitomo Middle East	*(i)*	–	–	130	–	–
Total		1,254	40	260	18	5
Purchases of products or services from:						
Sumitomo Corporation	*(ii)*	500	500	500	208	208
Sumitomo Vietnam	*(ii)*	156	355	733	67	187
Sumitomo Almaty	*(ii)*	–	–	60	–	–
Shandong Chongzhiyoupin	*(iii)*	145	97	153	58	105
Total		801	952	1,446	333	500
Rental income from:						
Qingdao Youchong	*(iv)*	–	79	86	36	36
Shandong Chongzhiyoupin	*(iv)*	394	299	297	124	124
Total		394	378	383	160	160

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loans to:						
Nanyang Taikefeng	*(v)*	1,500	719	59	–	–
Sinder Lingbi	*(vi)*	–	–	3,482	–	–
Sinder Longhua	*(vii)*	–	–	1,156	–	–
		1,500	719	4,697	–	–
Repayment of loans to:						
Nanyang Taikefeng	*(v)*	170	–	–	–	100

Notes:

(i) The sales to the related parties were made according to the agreed prices between the Group and its major customers.

(ii) The services purchased from Sumitomo Corporation are consulting services. The services purchased from Sumitomo Vietnam and Sumitomo Almaty are marketing services. The purchases from related parties were made according to the agreed prices between the Group and its major suppliers.

(iii) The services purchased from Shandong Chongzhiyoupin are marketing services in 2023, outsourcing services in 2024 and 2025. The purchases from the related party were made according to the agreed prices between the Group and its major suppliers.

(iv) The rental income was determined in accordance with the terms and conditions mutually agreed by the contracting parties.

(v) The loans to an associate are unsecured, bear interest at 7% per annum and repayable on demand. In the opinion of the directors, these loans are unlikely to be repaid in the foreseeable future and have been provided fully impairment allowance as at each of the Relevant Periods.

(vi) The interest-free loan to Sinder Lingbi will be repaid within the year of 2026 and pledged by a parcel of leasehold land (note 33(c)(ii)).

(vii) The interest-free loan to Sinder Longhua will be repaid within the year of 2026 pursuant to the loan agreement. In the opinion of the directors, these loans are unlikely to be repaid in the foreseeable future and have been provided fully impairment allowance as at each of the Relevant Periods.

(c) Other transactions with related parties:

(i) In 2020, several guarantee contracts were entered into by the Group, to guarantee the borrowings made by Fan Guobing, a close relative of the controlling shareholder, which was still in dispute at the reporting date. Based on the advice from the Group's legal counsel, the Group recorded such liability of RMB17,224,000, RMB17,224,000, RMB19,551,000 and RMB20,230,000 in financial guarantee liabilities as at the end of each of the Relevant Periods (note 22(c)).

(ii) In 2023, certain jointly guarantee contracts were entered into by the Group to guarantee some sales and leaseback arrangements made to Sinder Lingbi and Sinder Longhua, companies controlled by Fan Guobing. The Group has recorded RMB1,430,000, RMB2,259,000, nil and nil in financial guarantee liabilities as at the end of each of the Relevant Periods. One of the guarantee contracts has been settled in August 2025 and the rest one has been settled in November 2025 (note 22(c)).

(iii) The Company's controlling shareholder has guaranteed certain interest-bearing bank and other borrowings made to the Group of up to RMB548,955,000, RMB516,943,000, RMB369,065,000 and RMB222,415,000, respectively, at the end of each Relevant Periods, as disclosed in note 23(a)(iv), note 23(b) and note 23(d) to the Historical Financial Information.

(iv) Lou Zongliang and Fan Guobing have guaranteed certain interest-bearing bank and other borrowings made to the Group of up to RMB46,000,000, RMB22,500,000, RMB29,450,000 and RMB24,450,000 respectively, at the end of each Relevant Periods, as disclosed in note 23(a)(v) to the Historical Financial Information.

(d) Outstanding balances with related parties:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables (trade nature):				
Shandong Chongzhiyoupin	–	28	–	–
Prepayments, other receivables and other assets (trade nature):				
Sumitomo Corporation	125	125	125	42
Shandong Chongzhiyoupin	414	–	–	52
Total	539	125	125	94
Prepayments, other receivables and other assets (non-trade nature):				
Nanyang Taikefeng	9,779	10,543	10,602	10,502
Li Zhaoyang	400	–	–	–
Fan Guobing	150	–	–	–
Sinder Lingbi *(note 33(b)(vi))*	–	–	3,482	3,482
Sinder Longhua *(note 33(b)(vii))*	–	–	1,156	1,156
Impairment	(9,786)	(10,543)	(12,774)	(12,674)
Total	543	–	2,466	2,466
Trade payables (trade nature):				
Shandong Chongzhiyoupin	–	110	–	108
Other payables (trade nature):				
Sumitomo Vietnam	–	–	152	–
Other payables (non-trade nature):				
Li Zhaoyang	625	200	200	200
Lou Zongliang	100	100	100	100
Total	725	300	300	300

Except the balance with Nanyang Taikefeng, Sinder Lingbi and Sinder Longhua as disclosed in note 33 (b)(v)&(vi)&(vii), the balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

The net impairment loss on non-trade nature balance in prepayments, other receivables and other assets of RMB1,327,000, RMB757,000, RMB2,231,000 and reversal of RMB100,000 are recognised during the Relevant Periods.

(e) Compensation of key management personnel of the Group:

	As at 31 December			As at 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	6,419	7,258	8,329	3,443	3,531
Pension scheme contributions	244	262	300	121	159
Total compensation paid to key management personnel	6,663	7,520	8,629	3,564	3,690

Further details of directors' and supervisors' remuneration are included in note 8 to the Historical Financial Information.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

As at 31 December 2023

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
		Debt investment	
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables *(note 18)*	429,278	976	430,254
Financial assets included in prepayments, deposits and other receivables *(note 19)*	43,580	–	43,580
Cash and cash equivalents *(note 20)*	163,273	–	163,273
Restricted cash *(note 20)*	184	–	184
Pledged deposits *(note 20)*	30,607	–	30,607
Total	666,922	976	667,898

As at 31 December 2024

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
		Debt investment	
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables *(note 18)*	420,302	852	421,154
Financial assets included in prepayments, deposits and other receivables *(note 19)*	65,805	–	65,805
Cash and cash equivalents *(note 20)*	100,561	–	100,561
Restricted cash *(note 20)*	27,545	–	27,545
Pledged deposits *(note 20)*	26,297	–	26,297
Total	640,510	852	641,362

As at 31 December 2025

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
		Debt investment	
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables *(note 18)*	395,715	3,156	398,871
Financial assets included in prepayments, deposits and other receivables *(note 19)*	57,459	–	57,459
Cash and cash equivalents *(note 20)*	157,948	–	157,948
Restricted cash *(note 20)*	27,593	–	27,593
Pledged deposits *(note 20)*	24,012	–	24,012
Total	662,727	3,156	665,883

As at 31 May 2026

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
		Debt investment	
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables *(note 18)*	443,168	11,424	454,592
Financial assets included in prepayments, deposits and other receivables *(note 19)*	35,123	–	35,123
Cash and cash equivalents *(note 20)*	112,062	–	112,062
Restricted cash *(note 20)*	27,771	–	27,771
Pledged deposits *(note 20)*	21,011	–	21,011
Total	639,135	11,424	650,559

Financial liabilities

As at 31 December 2023

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables *(note 21)*	153,550
Financial liabilities included in other payables and accruals *(note 22)*	246,612
Interest-bearing bank loans and other borrowings *(note 23)*	653,279
Total	1,053,441

As at 31 December 2024

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables *(note 21)*	165,058
Financial liabilities included in other payables and accruals *(note 22)*	205,729
Interest-bearing bank loans and other borrowings *(note 23)*	619,124
Total	989,911

As at 31 December 2025

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables *(note 21)*	182,145
Financial liabilities included in other payables and accruals *(note 22)*	113,994
Interest-bearing bank loans and other borrowings *(note 23)*	610,105
Total	906,244

As at 31 May 2026

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables *(note 21)*	145,887
Financial liabilities included in other payables and accruals *(note 22)*	96,603
Interest-bearing bank loans and other borrowings *(note 23)*	568,607
Total	811,097

For the details of [**REDACTED**] Investments, please refer to note 27 to this report.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, pledged deposits, trade and bill receivables, the current portion of financial assets included in prepayments, other receivables and other assets, trade and bill payables, the current portion of financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group has bank acceptance notes issued by banks in Chinese mainland measured at fair value through other comprehensive income. The Group has estimated the fair value of these bank acceptance notes by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current portion of interest-bearing bank and other borrowings, non-current portion of prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	976	–	976

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	852	–	852

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	3,156	–	3,156

As at 31 May 2026

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	–	11,424	–	11,424

The Group did not have any financial liabilities measured at fair value as at 31 December 2023, 2024 and 2025 and 31 May 2026.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	4,220	–	–	459,979	464,199
Financial assets included in prepayments, other receivables and other assets					
– Not yet past due**	43,580	–	–	–	43,580
– Doubtful**	–	–	25,378	–	25,378
Restricted cash					
– Not yet past due	184	–	–	–	184
Pledged deposits					
– Not yet past due	30,607	–	–	–	30,607
Cash and cash equivalents					
– Not yet past due	163,273	–	–	–	163,273
Guarantees***	–	–	53,888	–	53,888
Total	241,864	–	79,266	459,979	781,109

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	14,297	–	–	461,227	475,524
Financial assets included in prepayments, other receivables and other assets					
– Not yet past due**	65,805	–	–	–	65,805
– Doubtful**	–	–	27,557	–	27,557

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Restricted cash					
– Not yet past due	27,545	–	–	–	27,545
Pledged deposits					
– Not yet past due	26,297	–	–	–	26,297
Cash and cash equivalents					
– Not yet past due	100,561	–	–	–	100,561
Guarantees***	–	–	50,366	–	50,366
Total	234,505	–	77,923	461,227	773,655

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	13,401	–	–	457,531	470,932
Financial assets included in prepayments, other receivables and other assets					
– Not yet past due**	57,048	–	–	–	57,048
– Doubtful**	–	–	32,209	–	32,209
Restricted cash					
– Not yet past due	27,593	–	–	–	27,593
Pledged deposits					
– Not yet past due	24,012	–	–	–	24,012
Cash and cash equivalents					
– Not yet past due	157,948	–	–	–	157,948
Guarantees***	–	–	39,103	–	39,103
Total	280,002	–	71,312	457,531	808,845

As at 31 May 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	18,673	–	–	510,997	529,670
Financial assets included in prepayments, other receivables and other assets					
– Not yet past due**	35,390	–	–	–	35,390
– Doubtful**	–	–	28,200	–	28,200
Restricted cash					
– Not yet past due	27,771	–	–	–	27,771
Pledged deposits					
– Not yet past due	21,011	–	–	–	21,011
Cash and cash equivalents					
– Not yet past due	112,062	–	–	–	112,062
Guarantees***	–	–	40,459	–	40,459
Total	214,907	–	68,659	510,997	794,563

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

*** The amounts presented the exposure to credit risk for the financial guarantee contracts for related parties (note 33(c)(i)&(ii)) and a third party (note 22(c)).

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 18 to the Historical Financial Information.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through equity and debt financing.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023					
	On demand	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	626,257	41,510	10,477	–	678,244
Trade and bills payables	–	153,550	–	–	–	153,550
Financial liabilities included in other payables and accruals	31,935	159,449	–	–	36,574	227,958
Lease liabilities	–	–	34,418	9,834	39,335	83,587
Guarantees*	53,888	–	–	–	–	53,888
Total	85,823	939,256	75,928	20,311	75,909	1,197,227

	As at 31 December 2024					
	On demand	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	530,521	77,924	33,993	–	642,438
Trade and bills payables	–	165,058	–	–	–	165,058
Financial liabilities included in other payables and accruals	33,033	135,863	–	800	16,550	186,246
Lease liabilities	–	34,418	9,834	9,834	29,501	83,587
Guarantees*	50,366	–	–	–	–	50,366
Total	83,399	865,860	87,758	44,627	46,051	1,127,695

	As at 31 December 2025					
	On demand	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	487,003	113,110	26,334	–	626,447
Trade and bills payables	–	182,145	–	–	–	182,145
Financial liabilities included in other payables and accruals	31,792	58,509	1,342	200	2,600	94,443
Lease liabilities	–	7,775	4,917	4,917	9,834	27,443
Guarantees*	39,103	–	–	–	–	39,103
Total	70,895	735,432	116,569	34,251	12,434	969,581

	As at 31 May 2026					
	On demand	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	419,236	139,992	30,593	–	589,821
Trade and bills payables	–	145,887	–	–	–	145,887
Financial liabilities included in other payables and accruals	29,780	42,611	1,382	–	2,600	76,373
Lease liabilities	–	4,917	4,917	4,917	9,834	24,585
Guarantees*	40,459	–	–	–	–	40,459
Total	70,239	612,651	143,491	38,310	12,434	877,125

* The amounts presented the remaining contractual maturities for the financial guarantee contracts for related parties (note 33(c)(i)&(ii)) and a third party (note 22(c)).

Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a debt ratio, which is total liabilities divided by total assets. The debt ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	1,269,273	1,215,665	1,090,691	993,821
Total assets	1,876,814	1,836,334	1,725,134	1,679,246
Debt ratio	67.63%	66.20%	63.22%	59.18%

37. EVENTS AFTER THE RELEVANT PERIODS

There were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

38. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 May 2026.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for information purpose only.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of consolidated adjusted net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *"Preparation of* [**REDACTED**] *Financial Information for inclusion in Investment Circulars"* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to owners of the Company as if the [**REDACTED**] had taken place on 31 May 2026.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets of the Group had the [**REDACTED**] been completed as at 31 May 2026 or any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2026	**Estimated [REDACTED] from the [REDACTED]**	**Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2026**	**Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 May 2026**	
	RMB'000 (note 1)	*RMB'000 (note 2)*	*RMB'000*	*RMB (note 3)*	*HK$ (note 4)*
Based on an [**REDACTED**] of [**REDACTED**] per Share . .	605,190	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of [**REDACTED**] per Share . .	605,190	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of [**REDACTED**] per Share . .	605,190	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2026 are based on consolidated net assets of the Group attributable to owners of the Company as at 31 May 2026 of approximately RMB[679,820,000], after deducting intangible assets of the Group as at 31 May 2026 of approximately RMB[48,435,000] and goodwill of the Group as at 31 May 2026 of approximately RMB[26,195,000] as shown in the Accountants' Report set out in Appendix [I] to this document .

2. The estimated [**REDACTED**] from the [**REDACTED**] are based on the indicative [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] per Share, being the low and high end of the indicative [**REDACTED**] range, respectively, after deduction of [**REDACTED**] and other [**REDACTED**] related expenses payable by the Company (excluding [**REDACTED**] expenses which have been recognised in profit or loss during the Track Record Period) and do not take into account any share which may be sold and [**REDACTED**] upon exercise of the [**REDACTED**].

3. The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share are arrived at after adjustments referred to in the preceding paragraphs and on the basis that [**REDACTED**] shares are in issue, assuming that the [**REDACTED**] had been completed on 31 May 2026, without taking into account of any shares which may be allotted and issued upon the exercise of the [**REDACTED**].

4. For the purpose of this unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at an exchange rate of HK$1 to RMB[0.8584]. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate.

5. No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions for the Group entered into subsequent to 31 May 2026.

[**REDACTED**]

[**REDACTED**]

APPENDIX IIA [REDACTED]

[●]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special provisions. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as at the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. [**REDACTED**] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the IIT Law, which was most recently amended on 31 August 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was most recently amended on 18 December 2018 (hereinafter collectively referred to as the "IIT Law"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) issued and implemented by the SAT on 28 June 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) promulgated by the MOFCOM, the SAT and the CSRC on 7 September 2015 and came into effect on 8 September 2015, where an individual acquires the stocks of listed companies from the market of public offerings and transfer of stock, to the extent that the holding period is over one year, the income from the dividends and bonuses thereof are temporarily exempted from individual income tax. Where an individual acquires the stocks of listed companies from the market of public offering and transfer of stock, to the extent that the holding period is one month or less (one month inclusive), the income from dividends thereof shall be included in the taxable income in full amount; and to the extent that the holding period is more than one month and up to one year (one year inclusive), the incomes from the dividends thereof shall be included in the taxable income at a tax rate of 50%. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) issued on 21 August 2006, effective on 8 December 2006, if the beneficial owner directly holds at least 25% of the equity capital in a PRC company, a withholding tax at the rate of 5% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident; while if the beneficial owner directly holds less than 25% of the equity capital in a PRC company, a withholding tax at the rate of 10% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident.

Enterprise Investor

In accordance with Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on 6 November 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement, which was signed on 21 August 2006 and came into effect on 8 December 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on 6 December 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements

with a number of countries and regions including Hong Kong, Macau, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the MOFCOM and the SAT on 30 March 1998, from 1 January 1997, income of individuals from transfer of the shares of listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed companies in the latest amended IIT Law.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》), which was issued on 10 June 2021 and came into effect on 1 July 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable document or conduct securities trading within the territory of the PRC, and the entities and individuals that conclude taxable document outside the territory of the PRC and use such taxable document within the territory of the PRC. Therefore, the relevant provisions of the Stamp Duty Law of the PRC does not apply to the purchase and disposal of H shares by non-PRC investors outside of the PRC.

Estate Duty

As at the date of this document, no estate duty has been levied in the PRC under the PRC laws.

Major Taxes Applicable to the Company in the PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法), enterprises and other operational organizations (hereinafter collectively referred to as "enterprises") within the territory of the People's Republic of China are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income from the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realised on the transfer of shares by relevant investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income generated from the transfer of property within the territory of the PRC.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) amended by the State Council and became effective on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則) amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the STA on 4 April 2018, and became effective as at 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value Added Tax Law of the People's Republic of China, which came into force on 1 January 2026.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorised by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been cancelled.

Pursuant to the Notice of the People's Bank of China and the SAFE on Issues Concerning the Administration of Funds of Domestic Enterprises Listed Overseas (《關於境內企業境外上市資金管理有關問題的通知》), which is issued on 24 December 2025 and became effective on 1 April 2026, domestic enterprises listed overseas shall, within 30 working days from the first trading day of their overseas listing or upon the completion of the over-allotment, apply to a bank within the provincial/sub-provincial city region of its place of registration to handle its overseas listing registration. In principle, the funds raised by domestic enterprises through overseas listing shall be repatriated to China in a timely manner. If the funds are to be retained offshore for businesses such as outbound direct investment, overseas securities investment, or outbound lending, approval or filing documents must be obtained from the competent business authorities before the completion of the overseas listing and issuance or the over-allotment, and the relevant regulations on cross-border fund management shall be complied with.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on 13 February 2015 and came into effect on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on 9 June 2016, the settlement of foreign exchange proceeds under the capital account (including the recalling of raised capital by overseas listing) that are subject to discretionary settlement may be handled at banks based on the actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarises certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all data which is important to the potential [**REDACTED**]. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法(2023年修訂)》) (the "Legislation Law"), the NPC and the Standing Committee of the NPC ("SCNPC") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The NPC can authorise the SCNPC to formulate relevant laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, the PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilisation development, historical and cultural protection and grassroots governance based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the PRC Government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the PRC Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the PRC Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretations on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and department rules promulgated by them. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organisation of the People's Courts (《中華人民共和國人民法院組織法》), which was adopted in 1980 and amended in 1983, 1986, 2006 and 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organised into divisions similar to those of the primary people's courts, and are entitled to organise other courts as needed such as the intellectual property division.

The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the power to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. The second judgments or orders given at the next higher level are final. The first judgments or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law"), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognised and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE PRC COMPANY LAW AND ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law which was promulgated by the Standing Committee of the NPC on 29 December 1993, came into effect on 1 July 1994, revised on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023 respectively and the latest revision of which was implemented on 1 July 2024;

- According to the Overseas Listing Trial Measures and Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing (《監管規則適用指引—境外發行上市類第1號》) which was promulgated by the CSRC on 17 February 2023, and came into effect on 31 March 2023, the domestic companies that directly offer and list securities in overseas markets, shall formulate their articles of association in line with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "PRC Guidelines on AoA") promulgated by the CSRC on 16 March 2006 and latest amended and implemented on 28 March 2025.

Set out below is a summary of the major provisions of the PRC Company Law, the Overseas Listing Trial Measures and PRC Guidelines on AoA applicable to our Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business

license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on 22 April 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this document to ensure that this document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

Under the Overseas Listing Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi. To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing.

There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law.

Under the PRC Company Law, the company shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the class and number of shares held by each shareholder;
- the serial numbers of shares if the shares are issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders and if any no-par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within 10 days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the PRC Guidelines on AoA, the rights of holders of ordinary shares of a joint stock limited company include:

- to receive dividends and other forms of interest distribution according to the number of shares held;
- to legally require, convene, preside over, participate in or authorise proxies of Shareholders to attend the Shareholders' meeting and exercise corresponding voting rights;
- to supervise business operations of the company, provide suggestions or submit queries;
- to transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

- to read and copy the Articles of Association, the register of Shareholders, Shareholders' meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;
- shareholders who hold more than 3% of the Company's shares individually or collectively for more than 180 consecutive days may inspect the Company's accounting books and accounting vouchers in accordance with laws;
- to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation;
- to require our company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the company;
- other rights conferred by laws, administrative regulations, departmental rules, regulatory rules where the Company's shares are listed, or the Articles of Association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-up share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the PRC Company Law, where the company convenes a shareholders' general meeting, shareholders who individually or aggregately hold 1% or more of the Company's shares may submit an interim proposal in writing to the board of directors 10 days before the date of the shareholders' general meeting. The board of directors shall notice other shareholders within 2 days after receiving the interim proposal. The content of the interim proposal shall fall within the scope of shareholders' general meeting and shall have specific topic and involve matters to be decided.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; and (iv) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

According to the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of at least 3 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to decide on the hiring or dismissal of the company's manager and his/her salary and compensation, and by recommendation of the manager, to decide on the hiring or dismissal of deputy manager(s) and the persons in charge of finance as well as their salaries and compensations;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Board meetings shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he/she may appoint another director by a written power of attorney specifying the scope of the authorisation to attend the meeting on his/her behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his/her duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offence of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his/her political rights due to his/her crimes, in each case where less than five years have elapsed since the date of completion of the sentence; or who has been declared to be under suspension of sentence, where less than two years have elapsed since the expiration of the suspension of sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. In addition, a joint stock limited company may establish an audit committee composed of directors of the board of directors in accordance with the company's bylaw which exercises the functions of the board of supervisors specified in the PRC Company Law, and is not required to have a board of supervisors or supervisors. A joint stock limited company that is small or has a small number of shareholders is not required to establish a board of supervisors, but shall have one supervisor who exercises the functions of the board of supervisors as provided for in the PRC Company Law. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one-third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his/her duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorisation of the board of directors.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings. According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person in charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors, supervisors and senior management are prohibited from:

- embezzling company property and misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- directly or indirectly entering into contracts or deals with the company in violation of the articles of association or without prior approval of the board of directors or the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor, or senior management shall not take advantage of his position to take a business opportunity belonging to the company for himself or another person, except under any of the following circumstances: (1) He has reported to the board of directors or the shareholders' meeting and received approval by resolution of the board of directors or the shareholders' meeting according to the company's bylaw. (2) According to laws, administrative regulations, or the company's bylaw, the company is unable to take the business opportunity.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial

and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors or the board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, the amendment to articles of association shall be registered with the relevant authority in accordance with the applicable laws.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) or (ii) above, if the company has not yet distributed its assets to shareholders, it may carry on its existence by amending its articles of association or upon approval by resolution of the shareholders' meeting. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a general meeting.

Where the company is dissolved in the circumstances described in sub-paragraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he/she did not receive any notification. A creditor shall state all matters relevant to

his creditor rights in making his/her claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public announcement of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his/her intentional or gross negligence.

Overseas Listing

According to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Termination of Listing

The PRC Company Law has deleted provisions governing termination of listing. The PRC Securities Law stipulates that the trading of shares of a company on a stock exchange may be terminated if so decided by the stock exchange.

According to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On 25 December 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations mainly deal with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law (《中華人民共和國證券法》) took effect on 1 July 1999 and revised on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019 respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, the duties and responsibilities of securities exchanges, securities companies and the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that any domestic enterprise that seeks to issue securities oversea either directly or indirectly or to list its stocks in oversea markets shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》), (the "Arbitration Law"), which was promulgated by the NPCSC on 31 August 1994, revised on 1 September 2017 and effective on of 1 January 2018, and revised for the latest time on 12 September 2025 to take effect on 1 March 2026, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An

arbitration committee may, before the PRC Arbitration Association formulates the arbitration rules, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on 1 February 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

On 26 November 2020, the Supreme People's Court promulgated the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between Mainland China and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), clarifying the "recognition" procedure, expanding the scope of mutual recognition and enforcement of arbitral awards, and removing the restriction on arbitral bodies. It stipulates that an applicant may apply to courts of Mainland China and Hong Kong for enforcement of arbitral awards, and adds provisions on preservation measures.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on 25 January 2024 and implemented on 29 January 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of this Arrangement, judgments that can be recognised and enforced in both places are those made by Mainland China and Hong Kong SAR courts on or after 29 January 2024. The mutually recognised and enforced judgments include monetary judgments and non monetary judgments. Upon implementation of this Arrangement, the

Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) which was adopted by the Judicial Committee of the Supreme People's Court on 12 June 2006 and took effect on 1 August 2008 has been repealed.

This Appendix sets out a summary of the principal provisions of the Articles of Association of the Company, which will take effect upon the [**REDACTED**] of the H Shares on the Hong Kong Stock Exchange. The Articles of Association have been approved by the board of directors and the shareholders' general meeting of the Company. The purpose of this Appendix is to provide potential [**REDACTED**] with an overview of the Company's organizational and constitutional framework; it may not contain all information that may be material to potential [**REDACTED**].

With a view to safeguarding the lawful rights and interests of our Company, its shareholders, employees and creditors, and regulating the organisation and conduct of the Company, these Articles of Association are formulated in accordance with the PRC Company Law, the PRC Securities Law, the Provisional Measures for the Administration of Overseas Securities Offering and Listing by Domestic Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"), and other applicable laws, regulations, departmental rules, normative documents, and relevant provisions of the securities regulatory authorities in the jurisdiction where the Company's shares are [**REDACTED**], with reference to the Guidance on the Articles of Association of Listed Companies and in light of the actual circumstances of the Company.

SHARES

Issuance of Shares

The shares of the Company shall be in the form of share certificates.

The issuance of shares by the Company shall adhere to the principles of fairness and impartiality.

Each share of the same class shall carry identical rights. Shares of the same class issued at the same time shall be issued on identical terms and at an identical price. Any entity or individual subscribing for shares shall pay the same price per share. Shares with par value issued by the Company shall have their par value denominated in Renminbi.

The Renminbi referred to in the preceding paragraph is the legal tender of the People's Republic of China.

The H Shares issued by the Company may, in accordance with the laws of the place of [**REDACTED**] and customary practices for securities registration and depository, be deposited with [**REDACTED**] or held in the personal names of shareholders.

Each share issued by the Company has a par value of Renminbi one (1) yuan.

Increase and Decrease of Shares and Share Repurchases

The Company may, in accordance with its operational and developmental needs and in compliance with laws and regulations, increase its share capital by the following methods upon separate resolutions passed by the shareholders' general meeting:

(i) issuing shares to specific parties;

(ii) issuing shares to non-specific parties;

(iii) distributing bonus shares to existing shareholders;

(iv) capitalising capital reserves by issuing new shares;

(v) other methods stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and as prescribed by the CSRC and the Hong Kong Stock Exchange.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be carried out in accordance with the procedures prescribed by the PRC Company Law and other relevant regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

The Company shall not purchase its own shares, except under any of the following circumstances:

(i) to reduce the Company's registered capital;

(ii) to merge with another company holding shares of the Company;

(iii) to use the shares for employee stock ownership plans or equity incentive schemes;

(iv) where shareholders demand the Company to purchase their shares due to their objection to resolutions on the merger or division of the Company made by the shareholders' general meeting;

(v) to use the shares for the conversion of corporate bonds issued by the Company that are convertible into shares;

(vi) where necessary for the Company to safeguard its corporate value and the rights and interests of shareholders;

(vii) other circumstances permitted by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed, and other relevant provisions.

The Company may purchase its own shares through methods recognised by laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, and the CSRC (if required).

If the Company purchases its own shares under circumstances (i) or (ii) above, a resolution of the shareholders' general meeting shall be required. If the purchase is made under circumstances (iii), (v), or (vi) above, a resolution passed at a board meeting attended by two-thirds or more of the directors shall be required.

After the Company purchases its own shares in accordance with the above provisions: For circumstance (i), the shares shall be cancelled within ten days from the date of purchase; For circumstances (ii) or (iv), the shares shall be transferred or cancelled within six months; For circumstances (iii), (v), or (vi), the total number of the Company's own shares held by the Company shall not exceed ten percent of the total number of issued shares of the Company, and such shares shall be transferred or cancelled within three years.

Transfer of Shares

CSRC and the Hong Kong Stock Exchange

Shares issued by the Company prior to its public offering shall not be transferable within one year from the date of listing and trading of the Company's shares on a stock exchange.

The Company shall not accept its own shares as the subject matter of a pledge.

The directors, supervisors, and senior management of the Company shall report to the Company their holdings of the Company's shares and any changes therein. During each year of their term of office determined at the time of their appointment, the number of shares they transfer shall not exceed 25% of the total number of the same class of shares of the Company

held by them. The shares of the Company held by such persons shall not be transferable within one year from the date of listing and trading of the Company's shares. Within six months after their resignation, the aforementioned persons shall not transfer the shares of the Company held by them.

If any director, supervisor, senior management personnel, or shareholder holding more than 5% of the shares of the Company sells the Company's shares or other equity-type securities held by them within six months after purchase, or repurchases them within six months after sale, any profit derived therefrom shall belong to the Company. The Company's board of directors shall recover such profits. Exceptions to this rule apply to securities companies that hold more than 5% of shares due to purchasing leftover shares after underwriting, and other circumstances stipulated by the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

General Provisions on Shareholders

The Company shall maintain a register of shareholders based on the certificates provided by the securities registration and clearing institution. The register of shareholders shall constitute conclusive evidence of shareholders' shareholdings in the Company. Shareholders enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding the same class of shares enjoy equal rights and assume identical obligations.

Shareholders of the Company enjoy the following rights:

(i) The right to speak and vote at the shareholders' general meeting, unless required by the Hong Kong Listing Rules to abstain from voting on specific matters;

(ii) The right to receive dividends and other forms of profit distribution in proportion to their respective shareholdings;

(iii) The right, in accordance with the law, to request the convening, convene, preside over, attend, or appoint a proxy to attend the shareholders' general meeting, and to exercise corresponding voting rights;

(iv) The right to supervise the Company's operations and to make suggestions or raise inquiries;

(v) The right to transfer, gift, or pledge their shareholdings in accordance with laws, administrative regulations, and these Articles of Association;

(vi) The right to inspect and copy these Articles of Association, the register of shareholders, minutes of shareholders' general meetings, resolutions of board meetings, resolutions of supervisory board meetings, and financial and accounting reports. Shareholders who meet the prescribed requirements may inspect the Company's accounting books and accounting vouchers;

(vii) The right to participate in the distribution of the Company's residual assets upon its termination or liquidation, in proportion to their respective shareholdings;

(viii) The right for shareholders who object to a resolution on the merger or division of the Company made by the shareholders' general meeting to require the Company to purchase their shares;

(ix) Other rights stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or these Articles of Association.

If the content of any resolution of the Company's shareholders' general meeting or board of directors violates laws or administrative regulations, shareholders have the right to petition the People's Court to declare it invalid.

If the procedures for convening a meeting of the shareholders' general meeting or the board of directors, or the voting methods, violate laws, administrative regulations, or these Articles of Association, or if the content of a resolution violates these Articles of Association, shareholders shall have the right to petition the People's Court to revoke such resolution within sixty days from the date the resolution is made. However, this shall not apply if any procedural defect in convening the meeting or any irregularity in the voting methods is only minor and does not materially affect the resolution.

If the board of directors, shareholders, or other relevant parties dispute the validity of a resolution of the shareholders' general meeting, they shall promptly initiate legal proceedings in the People's Court. Prior to a judgment or ruling by the People's Court to revoke the resolution or take similar action, the relevant parties shall implement the resolution of the shareholders' general meeting. The Company, its directors, and senior management shall diligently perform their duties to ensure the normal operation of the Company.

If the People's Court issues a judgment or ruling on a relevant matter, the Company shall fulfil its information disclosure obligations in accordance with laws, administrative regulations, and the provisions of the CSRC and the Hong Kong Stock Exchange, providing a full explanation of the impact, and shall actively cooperate with the execution after the judgment or ruling takes effect. If correction of prior matters is involved, the Company shall promptly address them and fulfil the corresponding information disclosure obligations.

Shareholders of the Company shall assume the following obligations:

(i) To comply with laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed, and these Articles of Association;

(ii) To pay capital contributions in accordance with the shares they have subscribed for and the method of subscription;

(iii) Not to withdraw their capital contributions except in circumstances permitted by laws and regulations;

(iv) Not to abuse their shareholder rights to the detriment of the Company or the interests of other shareholders; not to abuse the Company's independent legal personality and the limited liability of shareholders to the detriment of the interests of the Company's creditors;

(v) Other obligations stipulated by laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If a shareholder of the Company abuses their shareholder rights and causes losses to the Company or other shareholders, they shall be liable for compensation in accordance with the law. If a shareholder of the Company abuses the Company's independent legal personality and the limited liability of shareholders to evade debts, thereby seriously harming the interests of the Company's creditors, they shall bear joint and several liability for the Company's debts.

Controlling Shareholders and De Facto Controllers

The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

(i) Exercise shareholder rights in accordance with the law, and refrain from abusing controlling power or utilising connected relationships to harm the lawful rights and interests of the Company or other shareholders;

(ii) Strictly fulfil all public statements and commitments made, and shall not arbitrarily alter or waive them;

(iii) Strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly notify the Company of any significant events that have occurred or are intended to occur;

(iv) Not misappropriate the Company's funds in any manner;

(v) Not compel, instruct, or demand that the Company or related personnel provide guarantees in violation of laws or regulations;

(vi) Not use undisclosed material information of the Company for personal gain, not disclose any undisclosed material information related to the Company in any manner, and not engage in illegal or non-compliant activities such as insider trading, short-swing trading, or market manipulation;

(vii) Not harm the lawful rights and interests of the Company and other shareholders through any means, including but not limited to non-arm's length connected transactions, profit distributions, asset reorganizations, or external investments;

(viii) Ensure the integrity of the Company's assets, and the independence of its personnel, finances, organizational structure, and business operations, and shall not affect the independence of the Company in any manner;

(ix) Other provisions stipulated by laws, administrative regulations, the CSRC, the regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If a controlling shareholder or de facto controller of the Company instructs a director or senior management personnel to engage in conduct that harms the interests of the Company or its shareholders, they shall bear joint and several liability with such director or senior management personnel.

If a controlling shareholder or de facto controller pledges the Company's shares held or effectively controlled by them, they shall maintain the stability of the Company's control and production operations.

If a controlling shareholder or de facto controller transfers the shares of the Company held by them, they shall comply with the restrictive provisions on share transfer stipulated in laws, administrative regulations, the regulations of the CSRC and the Hong Kong Stock Exchange, as well as any commitments they have made regarding restrictions on share transfer.

General Provisions on the Shareholders' General Meeting

The shareholders' general meeting is the authority of the Company and shall exercise the following powers in accordance with the law:

(i) To elect and replace directors and supervisors who are not represented by employees, and to determine matters concerning their remuneration;

(ii) To review and approve the report of the board of directors;

(iii) To review and approve the report of the supervisory board;

(iv) To review and approve the Company's profit distribution plans and loss recovery plans;

(v) To adopt resolutions on increases or reductions in the registered capital of the Company;

(vi) To adopt resolutions on the issuance of corporate bonds;

(vii) To adopt resolutions on the merger, division, dissolution, liquidation, or change in the corporate form of the Company;

(viii) To amend these Articles of Association;

(ix) To adopt resolutions on the appointment, dismissal, and determination of remuneration for accounting firms engaged for the Company's audit business;

(x) To review and approve guarantee matters as stipulated in Article 47 of these Articles of Association;

(xi) To review matters where the Company purchases or sells major assets within one year exceeding 30% of the Company's total audited assets as at the most recent period;

(xii) To review and approve changes in the use of raised funds;

(xiii) To review equity incentive plans and employee stock ownership plans;

(xiv) To review other matters that, under laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, shall be decided by the shareholders' general meeting.

The shareholders' general meeting may authorise the board of directors to adopt resolutions on the issuance of corporate bonds. The Company may issue shares or corporate bonds convertible into shares upon resolution of the shareholders' general meeting or upon authorisation by the shareholders' general meeting to the board of directors, provided that specific implementation shall comply with the provisions of laws, administrative regulations, the CSRC and the Hong Kong Stock Exchange.

Unless otherwise provided by laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the Company's shares are listed, the aforementioned powers of the shareholders' general meeting shall not be delegated to the board of directors or any other institution or individual.

The Company's proposed external guarantee transactions shall be submitted to the shareholders' general meeting for review if they meet any of the following criteria:

(i) Any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the audited net assets as at the most recent period;

(ii) Any guarantee provided after the total external guarantees of the Company exceed 30% of the audited total assets as at the most recent period;

(iii) Guarantees where the cumulative amount calculated over a consecutive 12-month period exceeds 30% of the Company's audited total assets as at the most recent period;

(iv) Guarantees provided to entities with an asset-liability ratio exceeding 70%;

(v) Guarantees with a single amount exceeding 10% of the audited net assets as at the most recent period;

(vi) Guarantees provided to shareholders, de facto controllers, or their connected parties;

(vii) Other guarantees that, under laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed, or these Articles of Association, shall be decided by the shareholders' general meeting.

For guarantee matters within the authority of the board of directors, in addition to requiring approval by a majority of all directors, they shall also require the consent of more than two-thirds of the directors present at the board meeting. Guarantees under item (iii) of the preceding paragraph shall require approval by more than two-thirds of the voting rights held by shareholders present at the meeting.

When the shareholders' general meeting reviews proposals to provide guarantees to shareholders, de facto controllers, or their connected parties, such shareholders or shareholders under the control of such de facto controllers shall not participate in the voting. Such resolutions shall be passed by more than half of the voting rights held by other shareholders present at the shareholders' general meeting.

Directors, senior management personnel, and other relevant responsible persons who violate the aforementioned approval authorities and review procedures for guarantees and cause harm to the interests of the Company's shareholders shall be liable for compensation in accordance with the law.

The shareholders' general meeting is divided into annual meetings and extraordinary meetings. An annual meeting shall be convened once a year and shall be held within six months after the end of the previous fiscal year.

An extraordinary shareholders' general meeting shall be convened within two months from the occurrence of any of the following circumstances:

(i) When the number of directors falls below the number stipulated by the PRC Company Law or two-thirds (6) of the number specified in these Articles of Association;

(ii) When the Company's uncovered losses amount to one-third of the total share capital;

(iii) When shareholders holding, individually or collectively, 10% or more of the total voting shares of the Company request in writing to convene an extraordinary meeting (the shareholding is calculated as at the date of the written request);

(iv) When the board of directors deems it necessary;

(v) When the supervisory board proposes to convene a meeting;

(vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

Convening of Shareholders' General Meetings

The board of directors shall convene shareholders' general meetings within the prescribed time limits. Upon the consent of more than half of all independent directors, the independent directors shall have the right to propose to the board of directors the convening of an extraordinary shareholders' general meeting. In response to a proposal from independent directors to convene an extraordinary meeting, the board of directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, provide a written response indicating its agreement or disagreement to convene the meeting within ten days of receiving the proposal.

If the board of directors agrees to convene an extraordinary shareholders' general meeting, it shall issue a notice to convene the meeting within five days after adopting the relevant board resolution. If the board of directors disagrees, it shall state its reasons.

The supervisory board shall have the right to propose to the board of directors the convening of an extraordinary shareholders' general meeting, and such proposal shall be submitted in writing. The board of directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, provide a written response indicating its agreement or disagreement to convene the meeting within ten days of receiving the proposal.

If the board of directors agrees to convene an extraordinary shareholders' general meeting, it shall issue a notice to convene the meeting within five days after adopting the relevant board resolution. Any modifications to the original proposal in the notice shall be subject to the consent of the supervisory board.

If the board of directors disagrees to convene an extraordinary shareholders' general meeting, or fails to provide a response within ten days of receiving the proposal, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene a shareholders' general meeting. In such case, the supervisory board may convene and preside over the meeting on its own.

Shareholders holding, individually or collectively, 10% or more of the Company's shares shall have the right to request the board of directors to convene an extraordinary shareholders' general meeting, and such request shall be submitted in writing. The board of directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, provide a written response indicating its agreement or disagreement to convene the meeting within ten days of receiving the request.

If the board of directors agrees to convene an extraordinary shareholders' general meeting, it shall issue a notice to convene the meeting within five days after adopting the relevant board resolution. Any modifications to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors disagrees to convene an extraordinary shareholders' general meeting, or fails to provide a response within ten days of receiving the request, shareholders holding, individually or collectively, 10% or more of the Company's shares shall have the right to propose to the supervisory board the convening of an extraordinary shareholders' general meeting, and such request shall be submitted in writing.

If the supervisory board agrees to convene an extraordinary shareholders' general meeting, it shall issue a notice to convene the meeting within five days of receiving the request. Any modifications to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the supervisory board fails to issue a notice to convene the shareholders' general meeting within the prescribed time limit, it shall be deemed that the supervisory board is not convening and presiding over the meeting. In such case, shareholders who have held, individually or collectively, 10% or more of the Company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

If the supervisory board or shareholders decide to convene a shareholders' general meeting on their own, they shall provide written notice to the board of directors. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such rules shall apply provided they do not violate the laws and administrative regulations of China or these Articles of Association.

When issuing the notice to convene the shareholders' general meeting and announcing the resolution of the meeting, the supervisory board or the convening shareholders shall submit relevant supporting documents to the stock exchange of the place where the Company's shares are listed. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such rules shall apply provided they do not violate the laws and

administrative regulations of China or these Articles of Association. Prior to the announcement of the shareholders' general meeting resolution, the shareholding proportion of the convening shareholders shall not fall below 10% of the total shares of the Company.

For shareholders' general meetings convened by the supervisory board or shareholders on their own, the board of directors and the company secretary shall provide necessary cooperation. The board of directors shall provide the register of shareholders as at the record date.

If the board of directors fails to provide the register of shareholders, the convening party may apply to the securities registration and clearing institution to obtain it by presenting the relevant announcement of the notice to convene the shareholders' general meeting. The register of shareholders obtained by the convening party shall not be used for any purpose other than convening the shareholders' general meeting.

All necessary expenses for shareholders' general meetings convened by the supervisory board or shareholders on their own shall be borne by the Company.

Proposals and Notices for Shareholders' General Meetings

When the Company convenes a shareholders' general meeting, the board of directors, the supervisory board, and shareholders holding, individually or collectively, 1% or more of the Company's shares shall have the right to submit proposals to the Company.

Shareholders holding, individually or collectively, 1% or more of the Company's shares may submit interim proposals in writing to the convener. The convener shall issue a supplementary notice for the shareholders' general meeting within ten working days after receiving such proposals and prior to the holding of the meeting, announcing the content of the interim proposals and submitting them for review at the shareholders' general meeting. However, this shall not apply if the interim proposals violate laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or the Company's Articles of Association, or if they fall outside the scope of authority of the shareholders' general meeting.

Except under the circumstances specified in the preceding paragraph, after issuing the notice for a shareholders' general meeting, the convener shall not modify the proposals already listed in the notice or add new proposals.

Proposals not listed in the shareholders' general meeting notice or not in compliance with these Articles of Association shall not be put to vote or resolved upon at the shareholders' general meeting.

The convener shall notify all shareholders at least twenty-one days prior to the date of an annual shareholders' general meeting and at least fifteen days prior to the date of an extraordinary shareholders' general meeting.

When calculating the aforementioned periods of "twenty-one days" and "fifteen days", the date of the meeting itself shall be excluded.

The notice for a shareholders' general meeting shall include the following content:

(i) The time, place, and duration of the meeting;

(ii) The matters and proposals to be reviewed at the meeting;

(iii) A clear statement indicating that all shareholders are entitled to attend the shareholders' general meeting and may appoint a proxy in writing to attend the meeting and vote on their behalf, and that such proxy need not be a shareholder of the Company;

(iv) The record date for determining shareholders entitled to attend the shareholders' general meeting;

(v) The name and telephone number of the designated contact person for the meeting;

(vi) The time and procedures for voting via electronic means or other methods, if applicable;

(vii) The time and location for delivering the proxy forms for voting at the meeting;

(viii) Other requirements stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

The notice and any supplementary notice for a shareholders' general meeting shall fully and completely disclose the entire specific content of all proposals, as well as all information or explanations necessary for shareholders to make reasonable judgments on the matters to be discussed.

The record date shall be determined in accordance with the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

Conduct of Shareholders' General Meetings

All shareholders or their proxies registered in the register of members on the record date are entitled to attend the shareholders' general meeting and exercise their voting rights in accordance with relevant laws, regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Shareholders may attend the shareholders' general meeting and exercise their voting rights in person, or appoint a proxy to attend and exercise voting rights within the scope of authorisation on their behalf.

An individual shareholder attending the meeting in person shall present his/her personal identification document or other valid certificate verifying his/her identity. A person attending on behalf of another shall present his/her own valid identification document and a power of attorney from the shareholder.

A corporate shareholder or other institutional shareholder shall be represented at the meeting by its legal representative/executive partner or a proxy appointed by the legal representative/executive partner. If the legal representative/executive partner attends the meeting in person, he/she shall present his/her personal identification document and valid proof of his/her status as legal representative/executive partner. If a proxy attends the meeting, the proxy shall present his/her personal identification document and a written power of attorney duly issued by the legal representative/executive partner of the corporate or institutional shareholder (except where the shareholder is a recognised clearing house as defined under relevant Hong Kong ordinances from time to time or the securities regulatory rules of the place where the Company's shares are listed, or its nominee (hereinafter referred to as a "Recognised Clearing House")).

If the shareholder is a Recognised Clearing House (or its nominee) as defined under relevant Hong Kong ordinances from time to time, it may authorise one or more persons it deems appropriate to act as its representative(s) at any shareholders' general meeting. However, if more than one person is authorised, the instrument of authorisation must specify the number and class of shares in respect of which each such person is so authorised. The authorisation shall be signed by an authorised officer of the Recognised Clearing House. A person so authorised may attend the meeting on behalf of the Recognised Clearing House (or

its nominee) (without producing evidence of share ownership, and on production of a notarized authorisation and/or further evidence confirming his/her formal authorisation) and exercise legal rights, including the right to speak and vote, as if he/she were an individual shareholder of the Company.

A power of attorney for appointing a proxy to attend a shareholders' general meeting shall specify the following content:

(i) The name of the appointor and the class and quantity of the Company's shares held;

(ii) The name of the proxy;

(iii) The matters for which the proxy is appointed and the scope of authorisation, including specific instructions from the shareholder on how to vote (for, against, or abstain) on each proposal included in the meeting agenda;

(iv) The date of issuance and the validity period of the power of attorney;

(v) The signature (or seal) of the appointor. If the appointor is a corporate/other institutional shareholder, the corporate/institutional seal shall be affixed.

If a power of attorney for appointing a proxy is signed by a person authorised by the appointor, the authorisation document or other instrument granting such signing authority shall be notarized. The notarized authorisation document or other instrument, together with the power of attorney for appointing a proxy, shall be deposited at the Company's registered office or another place specified in the notice convening the meeting.

If the shareholders' general meeting requires directors, supervisors, the general manager, or other senior management personnel to attend the meeting, they shall attend and respond to shareholders' inquiries.

The shareholders' general meeting shall be presided over by the chairman of the board of directors. If the chairman is unable or unwilling to perform his/her duties, the vice chairman shall preside. If the vice chairman is unable or unwilling to perform his/her duties, a director jointly recommended by a majority of the directors shall preside.

A shareholders' general meeting convened by the supervisory board shall be presided over by the chairman of the supervisory board. If the chairman of the supervisory board is unable or unwilling to perform his/her duties, a supervisor jointly recommended by a majority of the supervisors shall preside.

A shareholders' general meeting convened by shareholders shall be presided over by the convener or a representative recommended by them.

If, during a shareholders' general meeting, the presiding person violates the rules of procedure to the extent that the meeting cannot proceed, the shareholders' general meeting may, with the consent of shareholders holding more than half of the voting rights present at the meeting, elect one person to act as the presiding person and continue the meeting.

Voting and Resolutions of Shareholders' General Meetings

Resolutions of the shareholders' general meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' general meeting shall be passed by a simple majority of the voting rights held by shareholders (including their proxies) present at the meeting.

A special resolution of the shareholders' general meeting shall be passed by not less than two-thirds of the voting rights held by shareholders (including their proxies) present at the meeting.

The following matters shall be passed by the shareholders' general meeting by ordinary resolution:

(i) Work reports of the board of directors and the supervisory board;

(ii) Profit distribution plans and loss recovery plans proposed by the board of directors;

(iii) The appointment, dismissal, remuneration, and payment methods for members of the board of directors and the supervisory board;

(iv) The appointment, dismissal, non-reappointment, and remuneration of accounting firms;

(v) Other matters not required by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association to be passed by special resolution.

The following matters shall be passed by the shareholders' general meeting by special resolution:

(i) Increases or decreases in the registered capital of the Company;

(ii) The division, spin-off, merger, dissolution, and liquidation of the Company;

(iii) Amendments to these Articles of Association;

(iv) Purchases or sales of major assets by the Company within one year, or guarantees provided to others, exceeding 30% of the Company's total audited assets as at the most recent period;

(v) Equity incentive plans;

(vi) (If there are shares of different classes) Variation of rights attached to shares of any class;

(vii) Other matters stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association, as well as other matters which the shareholders' general meeting resolves by ordinary resolution as having a material impact on the Company and which require approval by special resolution.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent. Each share shall carry one vote. When voting, a shareholder (including a proxy) holding two or more votes is not required to cast all votes for, against, or abstain in the same manner.

Where laws, administrative regulations, or the regulatory rules of the place where the Company's shares are listed stipulate that a shareholder must not exercise any voting rights, or are restricted to voting only for or against, on a particular proposal, any votes cast by such shareholder or their proxy in violation of such stipulations or restrictions shall not be counted in the voting results.

Shares of the Company held by the Company itself carry no voting rights, and such shares shall not be counted in the total number of voting shares present at the shareholders' general meeting. Where laws, administrative regulations, departmental rules, or the regulatory rules of the place where the Company's shares are listed stipulate that a shareholder must not exercise any voting rights, must abstain from voting, or is restricted to voting only for or against, on a particular proposal, any votes cast by such shareholder or their proxy in violation of such stipulations or restrictions shall not be counted in the voting results.

The Company's board of directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, or the regulations of the securities regulatory authority of the place where the Company's shares are listed, may publicly solicit proxies from shareholders. When soliciting proxies, full disclosure of specific voting intentions and other relevant information shall be provided to the persons being solicited. Solicitation of proxies by means of compensation or disguised compensation is prohibited. Except as required by law, the Company shall not impose any minimum shareholding percentage restriction on the solicitation of proxies.

When the shareholders' general meeting reviews matters concerning connected transactions, connected shareholders (including shareholders with a material interest in the transaction) may make appropriate statements regarding such connected transaction matters but shall not participate in the voting. The number of voting shares they represent shall not be counted in the total number of valid votes.

BOARD OF DIRECTORS

Directors

Directors of the Company must be natural persons. A person shall not serve as a director under any of the following circumstances:

(i) Having no or limited capacity for civil conduct;

(ii) Having been sentenced to criminal penalty for corruption, bribery, misappropriation of property, embezzlement, or disrupting the order of the socialist market economy, or having been deprived of political rights due to a criminal offence, where five years have not elapsed since the completion of the sentence; or if probation was pronounced, where two years have not elapsed since the expiration of the probation period;

(iii) Having served as a director, factory director, or manager of a company or enterprise that underwent bankruptcy liquidation and being personally responsible for the bankruptcy of such company or enterprise, where three years have not elapsed since the completion of the bankruptcy liquidation;

(iv) Having served as the legal representative of a company or enterprise that had its business license revoked or was ordered to close due to illegal activities, and being personally responsible for such revocation or closure, where three years have not elapsed since the revocation of the business license or the closure order;

(v) Having a relatively large amount of personal debt due and outstanding, and being listed by a People's Court as a person subject to enforcement for dishonesty;

(vi) Being subject to a securities market entry ban imposed by the CSRC, where the ban period has not expired;

(vii) Other circumstances stipulated by laws, administrative regulations, departmental rules, other normative documents, the Hong Kong Listing Rules, or other securities regulatory rules of the place where the Company's shares are listed.

Any election, appointment, or engagement of a director in violation of this Article shall be invalid. If a director falls under any of the circumstances described in this Article during their term of office, the Company shall remove them from their position and terminate their duties.

Directors not represented by employees shall be elected or replaced by the shareholders' general meeting and may be removed by the shareholders' general meeting before the expiration of their term. The term of office for directors is three years, and they may be

re-elected upon expiration. Directors represented by employees shall be democratically elected by the Company's employees through employee representative assemblies, employee meetings, or other forms, and are not subject to review by the shareholders' general meeting.

The term of office for directors shall be calculated from the date of their appointment until the expiration of the current board's term. If a director's term expires and no reelection is conducted promptly, the incumbent director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, until the newly elected director assumes office.

Any person appointed by the board of directors to fill a casual vacancy or as an additional director shall, at the first annual shareholders' general meeting following their appointment, be subject to election by the shareholders. Such director shall hold office only until that first annual shareholders' general meeting and shall be eligible for re-election at that time.

Directors may concurrently serve as the general manager or other senior management personnel. However, the total number of directors concurrently serving as the general manager or other senior management personnel, together with directors represented by employees, shall not exceed half of the total number of directors of the Company.

Directors shall comply with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, and owe the following fiduciary duties to the Company:

(i) Not to misappropriate the Company's property or funds;

(ii) Not to deposit Company funds in accounts opened in their own name or in the names of other individuals;

(iii) Not to solicit or accept bribes or other illegal income by taking advantage of their position;

(iv) Not to enter into contracts or conduct transactions with the Company, directly or indirectly, without reporting to the board of directors or the shareholders' general meeting and obtaining approval through a resolution of the board of directors or the shareholders' general meeting in accordance with these Articles of Association;

(v) Not to take advantage of their position to seize business opportunities belonging to the Company for their own benefit or for the benefit of others, unless they have reported to the board of directors or the shareholders' general meeting and obtained approval through a resolution of the shareholders' general meeting, or unless the Company, in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association, is unable to utilise such business opportunity;

(vi) Not to operate, for their own account or for others, any business competing with the Company, without reporting to the board of directors or the shareholders' general meeting and obtaining approval through a resolution of the shareholders' general meeting;

(vii) Not to take for themselves any commissions from transactions between others and the Company;

(viii) Not to disclose the Company's secrets without authorisation;

(ix) Not to harm the interests of the Company by taking advantage of their connected relationships;

(x) Other fiduciary duties stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Any income derived by a director in violation of this provision shall belong to the Company; and if losses are caused to the Company, the director shall be liable for compensation.

Transactions or contracts entered into between the Company and any close relative of a director, supervisor, or senior management personnel; any enterprise directly or indirectly controlled by a director, supervisor, senior management personnel, or their close relatives; or any connected person having other connected relationships with a director, supervisor, or senior management personnel, shall be subject to the provisions of paragraph 2(iv) of this Article.

Directors shall comply with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, and owe the duty of care to the Company. In performing their duties, they shall exercise the reasonable care typically expected of a manager in the best interests of the Company.

Directors owe the following duties of care to the Company:

(i) Exercise the powers granted by the Company with prudence, diligence, and care, to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations, and various economic policies, and that business operations do not exceed the scope specified in the business license;

(ii) Treat all shareholders fairly;

(iii) Keep timely informed of the Company's business operations and management status;

(iv) Provide written confirmation on the Company's periodic reports, ensuring the information disclosed by the Company is truthful, accurate, and complete;

(v) Provide the supervisory board with relevant information and materials truthfully, and shall not obstruct the supervisory board or supervisors from exercising their powers;

(vi) Other duties of care stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If a director fails to attend two consecutive board meetings in person without delegating another director to attend on their behalf, they shall be deemed unable to perform their duties, and the board of directors shall propose to the shareholders' general meeting to remove them.

A director may resign before the expiration of their term. A director's resignation shall be submitted to the board of directors in the form of a written resignation report.

If the resignation of a director results in the number of members of the Company's board of directors or its specialized committees falling below the statutory minimum, or if the independent directors lack the professionals required under the Hong Kong Listing Rules, the resigning director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, until the newly elected director assumes office.

Except under the circumstances specified in the preceding paragraph, a director's resignation shall take effect from the date on which the board of directors receives the resignation report.

The Company shall establish a management system for director departures, specifying safeguard measures for pursuing accountability and compensation for unfulfilled public commitments and other unresolved matters. Upon the effective date of a director's resignation or the expiration of their term, the director shall complete all handover procedures with the board of directors. Their fiduciary duties to the Company and its shareholders do not automatically terminate upon the end of their term. Their duty to maintain the confidentiality of the Company's trade secrets shall remain effective after their tenure ends, until such secrets become public information. The specific duration for the continued fiduciary duties after the effective date of resignation or expiration of term shall be one year. The duration of other continuing obligations shall be determined comprehensively based on principles of fairness, considering factors such as the nature of the matter, its importance to the Company, the duration of its impact on the Company, and the relationship with the director. Any liability incurred by a director during their tenure due to the performance of their duties shall not be exempted or terminated upon their departure.

Board of Directors

The Company shall establish a board of directors, which shall consist of nine directors, including three independent directors. The Company shall have one chairman of the board and may have one vice chairman. The chairman and vice chairman shall be elected by a majority vote of all directors.

The board of directors shall exercise the following powers and authorities:

(i) Convening the shareholders' general meeting and reporting its work to the shareholders' general meeting;

(ii) Implementing resolutions of the shareholders' general meeting;

(iii) Determining the business plans (covering the Company and its controlled subsidiaries, hereinafter referred to as the "Group Company") and investment proposals of the Company;

(iv) Formulating the Company's profit distribution plans and loss recovery plans;

(v) Formulating plans for increasing or decreasing the registered capital, issuing bonds or other securities, and listing of the Company;

(vi) Drafting proposals for major acquisitions by the Company, acquisition of the Company's own shares, or merger, division, dissolution, or change of the Company's corporate form;

(vii) Within the scope authorised by the shareholders' general meeting, deciding on matters such as the Company's external investments, acquisition and sale of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations;

(viii) Determining the establishment of the Company's internal management structure;

(ix) Deciding on the appointment or dismissal of the Company's general manager, company secretary, and other senior management personnel, and determining their remuneration and reward/punishment matters; based on the nomination of the general manager, deciding on the appointment or dismissal of the Company's deputy general managers, financial controller, and other senior management personnel, and determining their remuneration and reward/punishment matters;

(x) Formulating the Company's basic management systems;

(xi) Formulating proposals for amending these Articles of Association;

(xii) Managing the Company's information disclosure matters;

(xiii) Proposing to the shareholders' general meeting the appointment or replacement of the accounting firm auditing the Company;

(xiv) Listening to work reports from the general manager and reviewing their work; and

(xv) Other powers and authorities granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

Matters exceeding the scope authorised by the shareholders' general meeting shall be submitted to the shareholders' general meeting for review.

The chairman of the board shall exercise the following powers and authorities:

(i) Presiding over the shareholders' general meeting and convening and presiding over board meetings;

(ii) Supervising and inspecting the implementation of board resolutions;

(iii) Signing important documents of the board of directors;

(iv) Other powers and authorities granted by the board of directors, laws, administrative regulations, or the regulatory rules of the place where the Company's shares are listed.

Any authorisation by the Board of Directors to the Chairman shall be explicitly granted through a resolution of the Board of Directors, and must clearly specify the authorised matters, content, and scope of authority. All statutory powers and authorities of the Board of Directors, as well as matters involving significant interests of the Company, shall be collectively decided by the Board and shall not be delegated to the Chairman or any individual director for independent decision-making.

The board of directors shall conduct its affairs by convening board meetings. Board meetings are divided into regular meetings and extraordinary meetings. At least four regular meetings shall be held annually, one per quarter, convened by the chairman, with written notice provided to all directors and supervisors at least 14 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the supervisory board may propose to convene an extraordinary board meeting. The chairman shall convene and preside over a board meeting within ten days of receiving such a proposal.

Notice for an extraordinary board meeting shall be delivered in writing to all directors and supervisors at least three days prior to the meeting. In urgent circumstances requiring the prompt convening of an extraordinary board meeting, the chairman may convene a board meeting at any time, and the delivery of the meeting notice may not be subject to the time limit specified in the preceding paragraph, provided that the convener provides an explanation at the meeting.

A board meeting shall be held only if more than half of the directors are present. Resolutions of the board of directors must be passed by a majority vote of all directors. Voting on board resolutions shall follow the principle of one vote per director.

Board meetings shall be voted upon by recorded vote or show of hands.

Board meetings may be convened and voted upon by means of in-person meetings, communication methods, or a combination of in-person and communication methods.

Extraordinary board meetings may be conducted and resolutions may be made via communication methods such as telephone, video conference, fax, or email, provided that directors are fully able to express their opinions, and participating directors shall sign the resolutions.

Directors shall attend board meetings in person. If a director is unable to attend for any reason, they may appoint another director in writing to attend on their behalf. The power of attorney shall specify the name of the proxy, the matters for which they are authorised, the scope of authorisation, the validity period, and shall be signed or sealed by the appointor. The director attending on behalf of another shall exercise the director's rights within the scope of authorisation. A director who neither attends the board meeting nor appoints a representative to attend shall be deemed to have waived their voting rights at that meeting.

The Company's board of directors shall establish an audit committee consisting of three members, who shall be non-executive directors not holding senior management positions in the Company. Among them, two shall be independent directors, one of whom shall possess the appropriate professional qualifications required by the Hong Kong Listing Rules or have appropriate accounting or related financial management expertise. The audit committee shall be chaired by an independent director.

The Company's board of directors shall establish other specialized committees such as a nomination committee and a remuneration committee, which shall perform their duties in accordance with these Articles of Association and the authorisation of the board of directors. Proposals from specialized committees shall be submitted to the board of directors for review and decision. The working procedures of specialized committees shall be formulated by the board of directors. The chairmanship and composition of the nomination committee and remuneration committee shall comply with the relevant requirements stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or relevant regulatory authorities.

SUPERVISORY BOARD

Supervisors

The provisions of these Articles of Association regarding circumstances disqualifying a person from serving as a director, and the management system for post-departure responsibilities, shall apply equally to supervisors. Directors, the manager (president), and other senior management personnel shall not concurrently serve as supervisors.

The provisions of these Articles of Association concerning the fiduciary duties and duties of care of directors shall apply equally to supervisors.

The term of office for each supervisor shall be three years. Supervisors may be re-elected upon expiration of their term.

If a supervisor's term expires without timely re-election, or if a supervisor resigns during their term causing the number of supervisory board members to fall below the statutory requirement, the incumbent supervisor shall continue to perform their duties in accordance with laws, administrative regulations, and these Articles of Association until the newly elected supervisor assumes office.

Supervisors may attend board meetings as non-voting participants and may raise inquiries or make suggestions regarding matters deliberated by the board of directors.

Supervisors shall not use their connected relationships to harm the interests of the Company. If losses are caused to the Company, they shall be liable for compensation.

If a supervisor violates laws, administrative regulations, departmental rules, or these Articles of Association in the performance of their company duties and causes losses to the Company, they shall be liable for compensation.

Supervisory Board

The Company shall establish a supervisory board. The supervisory board shall consist of three supervisors, including two shareholder representative supervisors and one employee representative supervisor. The supervisory board shall have one chairman. The chairman of the supervisory board shall be elected by a majority of all supervisors. Meetings of the supervisory board shall be convened and presided over by the chairman of the supervisory board. If the chairman is unable or unwilling to perform these duties, a supervisor jointly recommended by a majority of the supervisors shall convene and preside over the meeting.

The supervisory board shall include shareholder representatives and an appropriate proportion of employee representatives from the Company, with the proportion of employee representatives being one-third.

The supervisory board shall exercise the following powers and authorities:

(i) Review the Company's periodic reports prepared by the board of directors, provide written review opinions, and, as required by law, sign written confirmation opinions on the Company's periodic reports;

(ii) Examine the Company's finances;

(iii) Supervise the conduct of directors and senior management personnel in the performance of their company duties, and propose the dismissal of directors or senior management personnel who violate laws, administrative regulations, these Articles of Association, or resolutions of the shareholders' general meeting;

(iv) Require directors and senior management personnel to rectify their actions when such actions harm the interests of the Company;

(v) Propose the convening of an extraordinary shareholders' general meeting, and convene and preside over a shareholders' general meeting when the board of directors fails to perform its duties of convening and presiding over such a meeting as stipulated by the PRC Company Law;

(vi) Submit proposals to the shareholders' general meeting;

(vii) Initiate legal proceedings against directors or senior management personnel in accordance with the provisions of the PRC Company Law;

(viii) Investigate when abnormal operations of the Company are discovered; when necessary, may engage professional institutions such as accounting firms or law firms to assist in its work, with the costs borne by the Company.

The supervisory board shall meet at least once every six months. Supervisors may propose the convening of an extraordinary supervisory board meeting.

Resolutions of the supervisory board shall be passed by a majority of the supervisors.

The supervisory board shall formulate rules of procedure to define its methods of deliberation and voting procedures, ensuring its working efficiency and scientific decision-making.

The supervisory board shall record the decisions on matters deliberated in meeting minutes. Supervisors attending the meeting shall sign the minutes.

Supervisors have the right to request explanatory notes be recorded in the minutes regarding their statements made during the meeting. The minutes of supervisory board meetings shall be kept as Company archives for at least 10 years.

Senior Management

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors.

The Company may have several Deputy General Managers, who shall be appointed or dismissed by the Board of Directors.

Persons holding administrative positions other than director or supervisor in the Company's controlling shareholder entity shall not serve as senior management personnel of the Company.

The term of office for the General Manager shall be three years. Upon expiration of the term, the General Manager may be re-appointed.

The General Manager shall be responsible to the Board of Directors and exercise the following powers and authorities:

(i) Be responsible for the Company's production, operation, and management work, organise the implementation of Board resolutions, and report work to the Board of Directors;

(ii) Organise the implementation of the Company's annual business plans and investment proposals;

(iii) Draft proposals for the establishment of the Company's internal management structure;

(iv) Draft the Company's basic management systems;

(v) Formulate the Company's specific rules and regulations;

(vi) Propose to the Board of Directors the appointment or dismissal of the Company's Deputy General Managers and Financial Controller;

(vii) Decide on the appointment or dismissal of responsible management personnel other than those whose appointment or dismissal should be decided by the Board of Directors;

(viii) Exercise other powers and authorities granted by these Articles of Association or the Board of Directors.

The General Manager may attend meetings of the Board of Directors as a non-voting participant. If the General Manager does not concurrently serve as a director of the Company, they shall have no voting rights at Board meetings.

The Company's senior management personnel shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If senior management personnel fail to faithfully perform their duties or violate their duty of good faith, causing harm to the interests of the Company or holders of the Company's public shares, they shall be liable for compensation in accordance with the law.

FINANCIAL AND ACCOUNTING SYSTEM, INTERNAL AUDIT, AND ACCOUNTING FIRM

Financial and Accounting System

The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations, and the provisions of relevant state departments. If the securities regulatory authority of the place where the Company's shares are listed stipulates otherwise, such stipulations shall prevail.

The Company shall prepare its annual financial and accounting report within four months after the end of each fiscal year, and its interim financial and accounting report within two months after the end of the first half of each fiscal year. The aforementioned financial and accounting reports shall be prepared, submitted, announced, and disclosed in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed.

Apart from the statutory accounting books, the Company shall not establish any other accounting books. The Company's funds shall not be deposited in accounts opened in the name of any individual.

When distributing its after-tax profits for the year, the Company shall allocate ten percent of the profits to the Company's statutory surplus reserve. If the cumulative amount of the Company's statutory surplus reserve exceeds fifty percent of the Company's registered capital, further allocation may be discontinued.

If the Company's statutory surplus reserve is insufficient to make up for losses incurred in previous years, the Company shall first use its current year's profits to cover such losses before allocating to the statutory surplus reserve in accordance with the preceding paragraph.

After allocating after-tax profits to the statutory surplus reserve, the Company may, by resolution of the shareholders' general meeting, also allocate a portion of its after-tax profits to a discretionary surplus reserve.

After the Company makes up for its losses and allocates funds to the surplus reserves, the remaining after-tax profits shall be distributed to shareholders in proportion to their respective shareholdings, unless otherwise stipulated in these Articles of Association.

If the shareholders' general meeting distributes profits to shareholders in violation of the PRC Company Law, shareholders shall return the profits distributed in violation of the regulations to the Company. If losses are caused to the Company, the shareholders and the responsible directors, supervisors, and senior management personnel shall be liable for compensation.

Shares of the Company held by the Company itself shall not participate in profit distribution.

The Company's surplus reserves shall be used to make up for the Company's losses, expand the Company's production and operation, or be converted into an increase in the Company's registered capital.

When using surplus reserves to make up for the Company's losses, the discretionary surplus reserve and the statutory surplus reserve shall be used first. If these are still insufficient to cover the losses, the capital surplus reserve may be used in accordance with regulations.

When converting the statutory surplus reserve into an increase in registered capital, the amount of such reserve retained shall not be less than twenty-five percent of the Company's registered capital before the conversion.

After the shareholders' general meeting adopts a resolution on a profit distribution plan, or after the Company's Board of Directors formulates a specific plan based on the conditions and upper limit for interim dividends in the following year approved at the annual shareholders' general meeting, the distribution of dividends (or shares) must be completed within two months.

Internal Audit

The Company implements an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding assurance, application of audit results, and accountability for internal audit work. The internal audit function shall maintain independence, be staffed with full-time auditors, and shall not be placed under the leadership of the finance

department or share offices with the finance department. The Company's internal audit function conducts supervision and inspection of the Company's business activities, risk management, internal controls, financial information, and other relevant matters.

The Company's internal audit system shall be implemented upon approval by the Board of Directors. The internal audit function is responsible to the Board of Directors.

During the process of supervising and inspecting the Company's business activities, risk management, internal controls, and financial information, the internal audit function shall accept the supervision and guidance of the Audit Committee. If the internal audit function discovers any major issues or clues, it shall report directly to the Audit Committee immediately.

The specific organisation and implementation of the Company's internal control evaluation shall be the responsibility of the internal audit function. Based on the evaluation reports and related materials issued by the internal audit function and reviewed by the Audit Committee, the Company shall issue its annual internal control evaluation report.

Appointment of Accounting Firm

The Company shall engage an accounting firm compliant with the PRC Securities Law, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are listed to perform services such as financial statement auditing, net asset verification, and other related consultancy services. The term of engagement is one year and may be renewed.

The engagement or dismissal of an accounting firm by the Company shall be submitted to the Board of Directors for deliberation after obtaining the consent of more than half of all members of the Audit Committee, and shall be decided by the shareholders' general meeting. The Board of Directors shall not appoint an accounting firm before the shareholders' general meeting makes a decision.

The Company shall ensure that it provides true and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials to the engaged accounting firm, and shall not refuse, conceal, or misreport them.

Audit fees for the accounting firm shall be determined by the shareholders' general meeting.

When the Company dismisses or decides not to renew the engagement of an accounting firm, it shall notify the accounting firm 15 days in advance. When the shareholders' general meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its views.

If the accounting firm resigns, it shall explain to the shareholders' general meeting whether there are any improper circumstances involving the Company.

MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Division, Increase and Decrease of Capital

A company merger may take the form of an absorption merger or a consolidation.

When one company absorbs other companies, it is an absorption merger, and the absorbed companies are dissolved. When two or more companies merge to establish a new company, it is a consolidation, and all merging parties are dissolved.

If the consideration paid by the Company for a merger does not exceed ten percent of its net assets, a resolution of the shareholders' general meeting may not be required, unless otherwise stipulated in these Articles of Association.

If a merger of the Company does not require a shareholders' general meeting resolution pursuant to the preceding paragraph, it shall require a resolution of the Board of Directors.

For a company merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets.

The Company shall notify creditors within ten days from the date the merger resolution is made and make an announcement in a newspaper at the provincial level or above or on the National Enterprise Credit Information Publicity System within thirty days. Creditors may, within thirty days from the date of receiving the notice, or within forty-five days from the date of the announcement for those who did not receive a notice, demand that the Company settle its debts or provide corresponding security.

After a company merger, the claims and debts of the merging parties shall be succeeded by the surviving company or the newly established company.

When a company divides, its assets shall be divided accordingly.

For a company division, a balance sheet and an inventory of assets shall be prepared. The Company shall notify creditors within ten days from the date the division resolution is made and make an announcement in a newspaper at the provincial level or above or on the National Enterprise Credit Information Publicity System within thirty days.

Companies resulting from a division shall be jointly and severally liable for the debts of the Company prior to the division, unless otherwise agreed in a written agreement reached with the creditors before the division.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify creditors within ten days from the date the shareholders' general meeting resolution on reducing the registered capital is made and make an announcement in a newspaper at the provincial level or above or on the National Enterprise Credit Information Publicity System within thirty days. Creditors shall, within thirty days from the date of receiving the notice, or within forty-five days from the date of the announcement for those who did not receive a notice, have the right to demand that the Company settle its debts or provide corresponding security.

When the Company reduces its registered capital, it shall proportionally reduce the capital contributions or shares of shareholders according to their shareholding ratio, unless otherwise stipulated by law or these Articles of Association.

If the registered capital is reduced in violation of the PRC Company Law or other relevant regulations, shareholders shall return the funds received, and any reduction or waiver of shareholder contributions shall be reinstated; if losses are caused to the Company, the shareholders and the responsible directors, supervisors, and senior management personnel shall be liable for compensation.

If a company merger or division results in changes to registration particulars, the Company shall complete the change registration formalities with the company registration authority in accordance with the law. If the Company is dissolved, it shall complete the deregistration formalities in accordance with the law. If a new company is established, the establishment registration shall be completed in accordance with the law.

If the Company increases or decreases its registered capital, it shall complete the change registration formalities with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

(i) The business term stipulated in these Articles of Association expires, or other dissolution causes stipulated in these Articles of Association occur;

(ii) The shareholders' general meeting resolves to dissolve;

(iii) Dissolution is required due to a merger or division of the Company;

(iv) The Company's business license is revoked, it is ordered to close down, or its registration is rescinded in accordance with the law;

(v) Where serious difficulties arise in the Company's operation and management, and its continued existence would cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding 10% or more of the total voting rights of all shareholders of the Company may petition the People's Court to dissolve the Company.

If a dissolution cause stipulated in the preceding paragraph occurs, the Company shall publicize the dissolution cause through the National Enterprise Credit Information Publicity System within ten days.

If the Company falls under circumstances (i) or (ii) of the preceding paragraph and has not yet distributed its assets to shareholders, it may continue its existence by amending these Articles of Association or by resolution of the shareholders' general meeting. Any amendment to these Articles of Association or resolution of the shareholders' general meeting made in accordance with the preceding paragraph must be passed by not less than two-thirds of the voting rights held by shareholders present at the shareholders' general meeting.

If the Company is dissolved under circumstances (i), (ii), (iv), or (v) of the preceding paragraph, it shall undergo liquidation. The directors are the liquidating obligors of the Company and shall form a liquidation group within fifteen days from the date the dissolution cause arises to conduct the liquidation. The liquidation group shall consist of directors, unless the shareholders' general meeting resolves otherwise.

If a liquidating obligor fails to perform its liquidation obligations in a timely manner, causing losses to the Company or its creditors, it shall be liable for compensation.

The liquidation group shall notify creditors within ten days from the date of its establishment and make an announcement in a newspaper at the provincial level or above or on the National Enterprise Credit Information Publicity System within sixty days. Creditors shall declare their claims to the liquidation group within thirty days from the date of receiving the notice, or within forty-five days from the date of the announcement for those who did not receive a notice.

When declaring their claims, creditors shall specify the relevant details of the claims and provide supporting documentation. The liquidation group shall register the claims.

During the claim declaration period, the liquidation group shall not make any repayments to creditors.

After disposing of the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the shareholders' general meeting or the People's Court for confirmation.

The remaining assets of the Company, after separately paying off liquidation expenses, employees' wages, social insurance premiums and statutory compensation, paying outstanding taxes, and settling the Company's debts, shall be distributed to shareholders by the Company in proportion to their shareholdings.

During the liquidation period, the Company continues to exist but shall not engage in any business activities unrelated to the liquidation.

The Company's assets shall not be distributed to shareholders before they are settled in accordance with the order stipulated in the preceding paragraph.

If, after disposing of the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group discovers that the Company's assets are insufficient to pay off its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

After the People's Court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the People's Court.

After the Company's liquidation is concluded, the liquidation group shall prepare a liquidation report, submit it to the shareholders' general meeting or the People's Court for confirmation, and submit it to the company registration authority to apply for deregistration of the Company.

If the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the laws governing enterprise bankruptcy.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

(i) After amendments to the PRC Company Law, other relevant laws, administrative regulations, the Hong Kong Listing Rules, or other securities regulatory rules of the place where the Company's shares are listed, provisions contained in the Articles of Association conflict with the amended laws, administrative regulations, the Hong Kong Listing Rules, or other securities regulatory rules;

(ii) Changes occur in the Company's circumstances that are inconsistent with the matters recorded in the Articles of Association.

Amendments to the Articles of Association shall be decided by the shareholders' general meeting.

If any matter related to the amendment of the Articles of Association passed by a resolution of the shareholders' general meeting requires approval from the competent authority, such amendment must be submitted to the competent authority for approval. If it involves changes to the Company's registration particulars, the change registration shall be completed in accordance with the law.

The board of directors shall amend the Company's Articles of Association in accordance with the resolution of the shareholders' general meeting on amending the Articles of Association and the approval opinions of the relevant competent authority.

If any matter related to the amendment of the Articles of Association constitutes information required to be disclosed by laws, regulations, the Hong Kong Listing Rules, or other securities regulatory rules of the place where the Company's shares are listed, it shall be announced in accordance with the relevant regulations.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on 2 April 1999, and was converted into a joint stock company with limited liability under the laws of the PRC on 12 September 2007. Our registered office is situated at No. 195 Shungeng Road, Zhucheng City, Shandong Province, PRC. As at the Latest Practicable Date, the registered share capital of our Company was RMB131,912,513 divided into 131,912,513 Shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 30 January 2026. Ms. CHIANG Hiu Hung (江曉紅), a joint company secretary of our Company, has been appointed as our authorised representative for the acceptance of service of process and notices required to be served on our Company in Hong Kong. The address for acceptance of service of process and notices is the same as our principal place of business in Hong Kong.

As our Company was established in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this document. A summary of the Articles of Association is set out in Appendix V to this document.

2. Changes in Share Capital of Our Company

Please refer to the section headed "History, Development and Corporate Structure" for changes in the share capital of our Company.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

For the list of our major subsidiaries, please refer to Note 1 the Accountants' Report set out in Appendix I to this document.

As at the Latest Practicable Date, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to the extraordinary general meeting of our Company held on 4 February 2026, the following resolutions, among others, were passed by our Shareholders:

(a) the issue by our Company of H Shares of a nominal value of RMB1.00 each and that such H Shares will be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of our Company as enlarged by the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than 15% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association which shall become effective on the [**REDACTED**], and the authorisation to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorisation of our Board to handle all relevant matters relating to, among other things, the issue and [**REDACTED**] of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contracts

We have entered into the following contracts (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) the [**REDACTED**];

(b) the supplemental agreements and special rights termination agreements entered into among our Company and each of Qingdao Future Gold, Qingdao Songheng, Qingdao Songhua, Qingdao Songyang and Qingdao Songyu dated 22 October 2025, pursuant to which the special rights previously granted to such shareholders were terminated and the parties agreed to the cessation of such arrangements;

(c) the supplemental agreement and special rights termination agreement entered into among our Company and Qingdao Future Gold dated 28 October 2025, pursuant to which the special rights previously granted to Qingdao Future Gold were terminated and the parties agreed to the cessation of such arrangements;

(d) the special rights termination agreement entered into among our Company and Shandong Jifu dated 24 October 2025, pursuant to which the special rights previously granted to Shandong Jifu were terminated and the parties agreed to the cessation of such arrangements;

(e) the special rights termination agreement entered into among our Company and Zhongtai Venture Capital dated 23 December 2025, pursuant to which the special rights previously granted to Zhongtai Venture Capital were terminated and the parties agreed to the cessation of such arrangements;

(f) the supplemental agreement dated 30 January 2026 entered into among our Company and Sumitomo Corporation pursuant to which the special rights previously granted to Sumitomo Corporation were terminated and the parties agreed to the cessation of such arrangements;

(g) the shareholders' agreement dated 31 August 2025 entered into among our Company, Mr. Li Zhaoyang, Intime International and Shanxi Jinxiu pursuant to which a redemption right, only exercisable if the [**REDACTED**] does not take place, was granted and agreed to be terminated prior to the filing of the [**REDACTED**] and to be automatically reinstated if the [**REDACTED**] does not take place;

(h) the shareholders' agreement dated 1 September 2025 entered into among our Company, Mr. Li Zhaoyang, Intime International and Zhucheng Yihe pursuant to which a redemption right, only exercisable if the [**REDACTED**] does not take place, was granted and agreed to be terminated prior to the filing of the [**REDACTED**] and to be automatically reinstated if the [**REDACTED**] does not take place;

(i) the shareholders' agreement dated 25 October 2025 entered into among our Company, Mr. Li Zhaoyang, Intime International and Mr. Luan Tianyu (欒天宇) pursuant to which a redemption right, only exercisable if the [**REDACTED**] does not take place, was granted and agreed to be terminated prior to the filing of the [**REDACTED**] and to be automatically reinstated if the [**REDACTED**] does not take place;

(j) the share transfer agreement dated 22 July 2026 entered into between Mr. Luan Tianyu (欒天宇) and Shanxi Jinxiu pursuant to which Mr. Luan Tianyu (欒天宇) agreed to transfer 1,465,695 Shares to Shanxi Jinxiu at a total consideration of RMB20,000,000; and

(k) the Deed of Non-Competition.

2. Material Intellectual Property Rights

As at the Latest Practicable Date, our Company had registered, or had applied for the registration of the following intellectual property rights which were material to our Group's business.

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks which we consider to be material to our business:

No.	Registered Owner	Registration no.	Place of registration	Trademark	Class	Validity period
1.	Our Company	54379908	PRC	信得	29	14 January 2022 to 13 January 2032
2.	Our Company	47223268	PRC	SINDER 信得	5	14 July 2021 to 13 July 2031
3.	Our Company	47228443	PRC	SINDER 信得	31	28 April 2021 to 27 April 2031
4.	Our Company	7933081	PRC	真抗	5	21 January 2021 to 20 January 2031
5.	Our Company	7932988	PRC	信必妥	5	7 August 2022 to 6 August 2032
6.	Our Company	7543622	PRC	普力健	31	14 November 2020 to 13 November 2030
7.	Our Company	1056683	PRC	信得	5	21 July 2017 to 20 July 2027
8.	Qingdao Xingfu	40746291	PRC	一颗红心 A RED YOLK	29	7 March 2021 to 6 March 2031
9.	Our Company	306891382	HKSAR	SINDER 信得	5, 31	7 May 2025 to 6 May 2035
10.	Our Company	306891382	HKSAR	SINDER 信得	5, 31	7 May 2025 to 6 May 2035

(b) Domain Names

As at the Latest Practicable Date, we have registered the following domain name which we consider to be material to our business:

No.	Registered Owner	Domain name	Registration date
1.	Our Company	www.sinder.cn	25 April 2024

(c) Patents

As at the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Registered Owner	Patent category	Description	Patent No.	Application Date	Expiry Date	Place of Registration
1. .	Our Company, Beijing Sinder, Shandong Sinder Animal Vaccine	Invention	A primer-probe composition and kit for the simultaneous detection of IBV and its six genotypes* (一種同時檢測IBV及其6種基因型的引物探針組合物及試劑盒)	ZL202510979606.2	16 July 2025	15 July 2045	PRC
2. .	Our Company, Sichuan Huaxi	Invention	A Medicinal Composition for the Prevention and Treatment of Infectious Bronchitis in Chickens and Method for Its Preparation* (一種防治雞傳染性支氣管炎的藥物及其製備方法)	ZL202411060310.2	5 August 2024	4 August 2044	PRC
3. .	Our Company	Invention	PCV3 virus strain and PCV3 genetically engineered subunit vaccine* (PCV3病毒株及PCV3基因工程亞單位疫苗)	ZL202210462416.X	28 April 2022	27 April 2042	PRC
4. .	Our Company, Qingdao Sinder	Invention	A Triple Inactivated Vaccine for Muscovy Ducks* (一種番鴨三聯滅活疫苗)	ZL201810583773.5	5 June 2018	4 June 2038	PRC
5. .	Our Company, Qingdao Sinder	Invention	A trigenic deletion attenuated strain of pseudorabies virus QD strain* (一種偽狂犬病毒QD株三基因缺失致弱株)	ZL202011386352.7	1 December 2020	30 November 2040	PRC
6. .	Our Company, Qingdao Sinder	Invention	A Bivalent Inactivated Vaccine and Egg Yolk Antibody Against Avian Parvovirus and Methods for Their Preparation* (一種鵝星狀病毒二價滅活疫苗和卵黃抗體及其制備方法)	ZL202010827091.1	17 August 2020	16 August 2040	PRC

No.	Registered Owner	Patent category	Description	Patent No.	Application Date	Expiry Date	Place of Registration
7. .	Our Company, Qingdao Sinder	Invention	A Newcastle disease virus vector vaccine strain expressing the HA protein of avian influenza H9N2 virus* (一種表達禽流感H9N2病毒HA蛋白的新城疫病毒載體疫苗株)	ZL201811329050.9	9 November 2018	8 November 2038	PRC
8. .	Our Company, Qingdao Sinder	Invention	A bivalent inactivated vaccine against Newcastle disease virus and duck adenovirus type 2* (一種鵝細小病毒和鴨2型腺病毒二聯滅活疫苗)	ZL201810583775.4	5 June 2018	4 June 2038	PRC
9. .	Our Company, Shandong Sinder	Invention	A Purified Egg Yolk Antibody Against Avian Adenovirus Types 2 and 3 and Its Preparation Method* (一種番鴨腺病毒2型、3型精制卵黃抗體及其制備方法)	ZL201910953027.5	30 September 2019	29 September 2039	PRC
10. .	Our Company	Invention	A Method for Preparing Egg Yolk Antibodies and Egg Yolk Antibodies* (一種卵黃抗體的制備方法及卵黃抗體)	ZL202110624358.1	4 June 2021	3 June 2041	PRC
11. .	Our Company, Qingdao Sinder	Invention	A vaccine for preventing gout symptoms in goslings* (一種預防雛鵝痛風症狀的疫苗)	ZL201810941622.2	17 August 2018	16 August 2038	PRC
12. .	Our Company, Qingdao Sinder	Invention	Preparation and Application of Goose Parvovirus Yolk Antibodies* (一種鵝星狀病毒卵黃抗體的制備及其應用)	ZL201810941620.3	17 August 2018	16 August 2038	PRC
13. .	Our Company, Qingdao Sinder	Invention	A strain of avian parvovirus and its applications* (一種鵝星狀病毒病毒株及其應用)	ZL201810943397.6	17 August 2018	16 August 2038	PRC

No.	Registered Owner	Patent category	Description	Patent No.	Application Date	Expiry Date	Place of Registration
14. .	Our Company, Qingdao Sinder	Invention	A Novel Strain of Muscovy Duck Adenovirus, Inactivated Vaccine Thereof, and Method for Its Preparation* (一種新型番鴨腺病毒株、滅活疫苗及其制備方法)	ZL201910953029.4	30 September 2019	29 September 2039	PRC
15. .	Our Company, Qingdao Sinder	Invention	A Novel Purified Egg Yolk Antibody from Muscovy Duck Adenovirus and Its Preparation Method* (一種新型番鴨腺病毒精制卵黃抗體及其制備方法)	ZL201910953072.0	30 September 2019	29 September 2039	PRC
16. .	Our Company, Qingdao Sinder	Invention	A genetically engineered attenuated strain of Newcastle disease virus type VII containing a P protein mutation construct* (一種P蛋白突變構建的基因VII型新城疫病毒弱毒株)	ZL201710388556.6	27 May 2017	26 May 2037	PRC
17. .	Our Company, Qingdao Sinder	Invention	A Method for Constructing a Genotype 7 Attenuated Newcastle Disease Virus Strain* (一種基因VII型新城疫病毒弱毒株的構建方法)	ZL201710388557.0	27 May 2017	26 May 2037	PRC
18. .	Our Company, Qingdao Sinder	Invention	A Gene VII Newcastle Disease Vaccine* (一種基因VII型新城疫疫苗)	ZL201710389314.9	27 May 2017	26 May 2037	PRC
19. .	Our Company, Qingdao Sinder	Invention	A vaccine prepared using a genetically engineered attenuated strain of Newcastle disease virus type VII* (一種使用構建的基因VII型新城疫病毒弱毒株制備的疫苗)	ZL201710388333.X	27 May 2017	26 May 2037	PRC
20. .	Our Company, Qingdao Sinder	Invention	An Egg Yolk Antibody for Avian Adenovirus Type 2 and Method for Its Preparation* (一種鴨2型腺病毒病的卵黃抗體及制備方法)	ZL201710616312.9	26 July 2017	25 July 2037	PRC

No.	Registered Owner	Patent category	Description	Patent No.	Application Date	Expiry Date	Place of Registration
21. .	Our Company, Qingdao Sinder	Invention	A Recombinant Attenuated Enteritis Salmonella* (一種重組弱毒腸炎沙門氏菌)	ZL201611261996.7	31 December 2016	30 December 2036	PRC
22. .	Our Company, Qingdao Sinder	Invention	A Gene VII Newcastle Disease Attenuated Virulent Strain* (一種基因VII型新城疫弱病毒株)	ZL201710389485.1	27 May 2017	26 May 2037	PRC
23. .	Our Company, Qingdao Sinder	Invention	A Recombinant Attenuated Enteritis Salmonella Vaccine* (一種重組弱毒腸炎沙門氏菌疫苗)	ZL201611269958.6	31 December 2016	30 December 2036	PRC
24. .	Our Company, Qingdao Sinder	Invention	An inactivated vaccine against avian adenovirus type 2* (一種鴨2型腺病毒滅活疫苗)	ZL201610696422.6	20 August 2016	19 August 2036	PRC
25. .	Our Company, Qingdao Sinder	Invention	A bivalent inactivated vaccine against duck type 2 adenovirus and Muscovy duck parvovirus disease* (一種鴨2型腺病毒和番鴨細小病毒病二聯滅活疫苗)	ZL201810583774.X	5 June 2018	4 June 2038	PRC
26. .	Our Company, Qingdao Sinder	Invention	A strain of avian parvovirus and its applications* (一種鵝細小病毒株及其應用	ZL201810583772.0	5 June 2018	4 June 2038	PRC
27. .	Our Company	Invention	Method for Preparing a Genetically Engineered Subunit Oral Vaccine Against Porcine Circovirus Type 2* (豬圓環病毒2型基因工程亞單位口服疫苗的制備方法)	ZL201510244210.X	14 May 2015	13 May 2035	PRC
28. .	Our Company	Invention	Method for Preparing Purified Egg Yolk Antibodies Against Avian Viral Hepatitis* (鴨病毒性肝炎精制蛋黃抗體的制備方法)	ZL201410815354.1	23 December 2014	22 December 2034	PRC
29. .	Our Company	Invention	A recombinant pseudorabies virus TK/gE/gI triple-gene deletion strain in pigs* (一種重組豬偽狂犬病毒TK/gE/gI三基因缺失株)	ZL201510248661.0	15 May 2015	14 May 2035	PRC

No.	Registered Owner	Patent category	Description	Patent No.	Application Date	Expiry Date	Place of Registration
30. .	Our Company	Invention	A Recombinant Porcine Pseudorabies Virus gE/gI Double-Gene Deletion Strain and Its Applications* (一種重組豬偽狂犬病毒gE/gI雙基因缺失株及其應用)	ZL201510246482.3	15 May 2015	14 May 2035	PRC
31. .	Our Company	Invention	A Method for Preparing Shiitake Mushroom Polysaccharides* (一種香菇多糖的制備方法)	ZL201410698305.4	26 November 2014	25 November 2034	PRC
32. .	Our Company	Invention	A Pseudorabies Virus and Its Applications* (一種偽狂犬病病毒及其應用)	ZL201510246420.2	15 May 2015	14 May 2035	PRC
33. .	Our Company	Invention	A Method for Removing Endotoxins from Recombinant Protein Solutions Using Triton X 114 and Allantoin* (一種應用Triton X 114和尿囊素去除重組蛋白質溶液中內毒素的方法)	ZL201410485475.4	22 September 2014	21 September 2034	PRC
34. .	Our Company	Invention	A Pseudorabies Virus Vaccine for Swine* (一種豬偽狂犬病病毒疫苗)	ZL201510247302.3	15 May 2015	14 May 2035	PRC
35. .	Our Company	Invention	A Method for Preparing a Porcine Spleen Transfer Factor Injection Solution* (一種豬脾轉移因子注射液的制備方法)	ZL201310136476.3	18 April 2013	17 April 2033	PRC
36. .	Our Company	Invention	Porcine Epidemic Diarrhoea Virus Strains, Inactivated Vaccines, Antibodies, and Methods for Preparing Antibodies* (豬流行性腹瀉病毒株、滅活疫苗、抗體及抗體的制備方法)	ZL202110934059.8	16 August 2021	15 August 2041	PRC

No.	Registered Owner	Patent category	Description	Patent No.	Application Date	Expiry Date	Place of Registration
37. .	Shandong Sinder Animal Vaccine	Invention	A Method for Culturing MDCK Cells to Proliferate Recombinant H5N1 Subtype Avian Influenza Virus* (一種培養MDCK細胞增殖重組H5N1亞型禽流感病毒的方法)	ZL201410810577.9	23 December 2014	22 December 2034	PRC
38. .	Shandong Sinder Animal Vaccine	Invention	A Method for Large-Scale Cultivation of Cell Proliferation and Its Application in Virus Production* (一種規模化培養細胞增殖的方法及其用於生產病毒的方法)	ZL201310127308.8	11 April 2013	10 April 2033	PRC
39. .	Shanghai Haili	Invention	A Recombinant Porcine Circovirus Virus-Like Particle and Method for Its Preparation* (一種重組豬圓環病毒病毒樣顆粒及其制備方法)	ZL201510091995.1	28 February 2015	27 February 2035	PRC
40 .	Our Company, Qingdao Agricultural University (青島農業大學)	Invention	Preparation method of feed mycotoxin absorbent	2022/03128	16 March 2022	15 March 2042	Republic of South Africa
41. .	Our Company, Qingdao Agricultural University (青島農業大學), Shandong Provincial Animal Husbandry General Station (山東省畜牧總站)	Invention	Compound lactic acid bacteria preparation and use thereof, and compound demolding agent and use thereof	2022/02207	22 February 2022	21 February 2042	Republic of South Africa

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to

therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(i) Interest in the Shares of our Company

Name	Position	Capacity/nature of interest[1]	Description of Shares	Number of Shares held	Approximate percentage of shareholding in [REDACTED] Shares/H Shares[2]	Approximate percentage of shareholding in the total issued share capital of our Company[3]
					(%)	*(%)*
Mr. Li Zhaoyang . . .	Executive Director, chairman of our Board and president	Beneficial owner	[REDACTED] Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest in a controlled corporation[4]	[REDACTED] Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Lou Zongliang . .	Executive Director, vice president	Beneficial owner	[REDACTED] Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Dong Tao . .	Executive Director, chief financial officer and executive vice president	Interest in a controlled corporation	[REDACTED] Shares	[REDACTED][5]	[REDACTED]%	[REDACTED]%
Mr. Qiao Yanliang . . .	Chief Supervisor	Interest of a spouse[6]	[REDACTED] Shares	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue and [**REDACTED**] H Shares in issue (assuming the [**REDACTED**] is not exercised) upon [**REDACTED**].

(3) The calculation is based on the total number of [**REDACTED**] Shares in issue (assuming the [**REDACTED**] is not exercised) upon [**REDACTED**].

(4) As at the Latest Practicable Date, Intime International held 25,199,100 Shares of our Company and is wholly owned by Hong Kong Sinder, which in turn is wholly owned by Mr. Li Zhaoyang. Therefore, Mr. Li Zhaoyang is deemed to be interested in the Shares held by Intime International under the SFO. For details, please refer to the section headed "Substantial Shareholders" in this document.

(5) Mr. Dong Tao (董濤) is the general partner of Weifang Miaosuan, and shall exercise the voting rights attached to the Shares held by the Weifang Miaosuan. Therefore, Mr. Dong Tao (董濤) is deemed to be interested in the shares held by Weifang Miaosuan by virtue of the SFO.

(6) Ms. Wang Guifang (王桂芳) is the spouse of Mr. Qiao Yanliang (喬彥良), our chief Supervisor. By virtue of the SFO, Mr. Qiao Yanliang (喬彥良) is deemed to be interested in the shares held by Ms. Wang Guifang (王桂芳) in our Company.

2. Substantial Shareholders

Interest in the Shares of our Company

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the issued voting Shares of our Company, see "Substantial Shareholders" in this document.

Interest in our Company's subsidiaries

So far as is known to our Directors, immediately following the completion of the [**REDACTED**], the following persons were interested in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group (other than our Company) or had option in respect of such capital.

Name of shareholder	Name of member of our Group	Approximate percentage of shareholding
Advanced Applied Technologies Limited	Shandong Sinder Gene Technology Co., Ltd* (山東信達基因科技有限公司)	49%
Neixiang Jinmu Agricultural and Animal Husbandry Sales Co., Ltd* (內鄉縣錦牧農牧銷售有限公司)	Henan Sinder Biotechnology Co., Ltd* (河南信得生物科技有限公司)	40%

Save as disclosed above, our Directors are not aware of any other person (other than our Directors, Supervisors or chief executive) who will, immediately following completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company.

3. Service Contracts and Letters of Appointment

Each of our Directors and Supervisors [has entered] into a service contract or letter of appointment with our Company. The principal terms of these service contracts or letters of appointment comprise (a) a term of office commencing on the date of the approval at the relevant Company's general meeting and ending on the expiration of the term of office of the prevailing session of the Board (with respect to Directors) or a term of office commencing on the date of the approval at our Company's general meeting or the date of the employees' representative assembly (as the case may be) and ending on the expiration of the term of office of the prevailing session of the Supervisory Committee (with respect to Supervisors); and (b) termination provisions in accordance with their respective terms. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors and Supervisors

Please refer to the section headed "Directors, Supervisors and Senior Management" in this document and Note 8 to the Accountants' Report in Appendix I to this document for the remuneration or benefits in kind paid to our Directors for each of the three years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026.

Save as disclosed above, no other payments have been made or are payable for each of the three years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026 by any member of our Group to any of our Directors.

5. Employee Incentive Schemes

We have adopted the Employee Incentive Scheme on 16 June 2023. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of Shares or the grant of options by our Company to subscribe for the Shares after the [**REDACTED**]. Given the underlying Shares under the Employee Incentive

Scheme have already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Scheme. No further awards will be granted after the [**REDACTED**].

The following is a summary of the principal terms of the Employee Incentive Scheme (as amended from time to time).

(a) Purpose

The purpose of the Employee Incentive Scheme is to improve our Company's corporate governance structure by establishing a long-term incentive mechanism that aligns the interests of shareholders and the management team, enhances participation, strengthens the salary incentive system, and attracts, motivates and stabilises key management personnel, thereby supporting our Company's strategic development, enhancing competitiveness and promoting sustainable growth.

(b) Administration

Our Board is responsible for reviewing and approving the implementation, interpretation, alteration and termination of the Employee Incentive Scheme.

(c) Participants

The participants of the Employee Inventive Scheme include key management personnel, core R&D personnel of our Company as well as key employees with outstanding contributions, as well as individuals to be promoted (the "**Participants**"). A total of 85 individuals are eligible to participate in the Employee Incentive Scheme, and all 85 individuals have received their grants under the Employee Incentive Scheme.

(d) Grant of Awards

As at the Latest Practicable Date, our Company established two ESOP Platforms, namely Weifang Miaosuan and Weifang Jisheng to implement the Employee Incentive Scheme. As at the Latest Practicable Date, our ESOP Platforms held in aggregate 4,631,870 shares, representing approximately 3.51% of the share capital of our Company. For details of our ESOP Platforms, see "History, Development and Corporate Structure — Employee Incentive Platforms" in this document.

The selected Participants are granted awards in the form of limited partnership interests in the ESOP Platforms (the "**Incentive Awards**"), thereby indirectly holding Shares in our Company by virtue of their capacity as a limited partner of the relevant ESOP Platform. Mr. Dong Tao (董濤), our executive Director, chief financial officer, and executive vice president, and Mr. Guo Lei (郭磊), our financial director are the general partners of Weifang Miaosuan and Weifang Jisheng respectively, and are entitled to exercise the voting rights attached to the Shares held by the respective ESOP Platforms in which they act as general partner. The source of the Shares underlying the Incentive Awards is the private placement of Shares and the transfer of existing Shares to the ESOP Platforms.

(e) Subscription Price of the Awards

The subscription price of the Incentive Awards (the "**Subscription Price**") is RMB15.19 per share. The Subscription Price is based on the net asset price per share as at 31 December 2022, while adjustments may be made by the Board of Directors and approved by the Shareholders in a General Meeting. The subscription price shall be paid by the Participants out of their own funds.

(f) Redemption of the Incentive Awards

As a condition of joining the Employee Incentive Scheme, the participants agree to work for our Company for a period of not less than 5 years ("**Agreed Service Period**"), starting from the date of signing the partnership agreement. If the Participant has not worked for the Agreed Service Period, they cannot transfer their limited partnership interests.

After the Participants have worked in our Company for the Agreed Service Period, Participants may apply to reduce their indirect shareholdings in our Company through the relevant partnership in accordance with the provisions of the Employee Incentive Scheme.

Where a Participant has completed the Agreed Service Period with our Group, the relevant Participant shall, at the exit price determined at the market price or a price mutually agreed by the parties, (i) transfer all of his equity interest in the ESOP Platform to the general partner or another designated partner of the ESOP Platform; or (ii) withdraw the capital contribution corresponding to the partnership interest held by him in the ESOP Platforms. In circumstances such as dismissal, voluntary resignation, death, loss of working ability or retirement, the transfer price and arrangements shall be determined in accordance with the specific provisions of the Employee Incentive Scheme.

Where a Participant has not completed the agreed service period with our Group, the property interests held by such Participant in the partnership may not be transferred.

(g) Details of the Incentive Awards Granted Under the Employee Incentive Scheme

As at the Latest Practicable Date, there is an aggregate number of 85 Participants holding partnership interests in the ESOP Platforms, and all of the Incentive Awards under the Employee Incentive Scheme have been fully granted and vested. As at the Latest Practicable Date, no capital of our Company is under option, or agreed conditionally or unconditionally to be put under option. Details of the Incentive Awards granted to Directors, Supervisors or senior management under the Employee Incentive Scheme are set out below:

Name	Position	Relevant ESOP Platforms	Approximate Partnership Interests of the ESOP Platforms	Approximate Number of Shares Corresponding to the Incentive Awards Held by the Participant	Approximate Shareholding Percentage Corresponding to the Incentive Awards Held by the Participant in the Total Number of Shares in Issue Immediately Prior to the [REDACTED]	Approximate Shareholding Percentage Corresponding to the Incentive Awards held by the Participant in the Total Number of Shares in Issue Immediately after the [REDACTED]
Mr. GUO Lei (郭磊)	Financial Director	Weifang Jisheng	7.69%	174,735	0.13%	[**REDACTED**]
Mr. MIN Xiangping (閔祥平)	Vice president	Weifang Jisheng	7.69%	174,735	0.13%	[**REDACTED**]
Mr. REN Guoxin (任國鑫)	Vice president	Weifang Jisheng	4.81%	109,295	0.08%	[**REDACTED**]
Other employees	–	Weifang Jisheng	79.81%	1,813,473	1.38%	[**REDACTED**]
Total	–	Weifang Jisheng	100%	2,272,238	1.72%	[**REDACTED**]

Name	Position	Relevant ESOP Platforms	Approximate Partnership Interests of the ESOP Platforms	Approximate Number of Shares Corresponding to the Incentive Awards Held by the Participant	Approximate Shareholding Percentage Corresponding to the Incentive Awards Held by the Participant in the Total Number of Shares in Issue Immediately Prior to the [REDACTED]	Approximate Shareholding Percentage Corresponding to the Incentive Awards held by the Participant in the Total Number of Shares in Issue Immediately after the [REDACTED]
Mr. DONG Tao (董濤)	Executive Director, chief financial officer, and executive vice president	Weifang Miaosuan	5.56%	131,196	0.10%	[**REDACTED**]
Mr. CUI Guangchao (崔廣超)	Executive vice president	Weifang Miaosuan	7.41%	174,849	0.13%	[**REDACTED**]
Mr. SONG Qingqing (宋慶慶)	Director of Research and Development	Weifang Miaosuan	7.41%	174,849	0.13%	[**REDACTED**]
Ms. ZHENG Shuwen (鄭舒文)	Vice president, secretary to our Board and joint company secretary	Weifang Miaosuan	2.78%	65,598	0.05%	[**REDACTED**]
Mr. PEI Guangqing (裴廣慶)	Director of human resources	Weifang Miaosuan	1.85%	43,653	0.03%	[**REDACTED**]
Other employees	–	Weifang Miaosuan	74.99%	1,769,487	1.35%	[**REDACTED**]
Total	–	Weifang Miaosuan	100%	2,359,632	1.79%	[**REDACTED**]

6. Disclaimers

Save as disclosed in this document:

(1) none of our Directors or experts referred to under "— Other Information — 5. Qualifications of Experts" has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(2) save for the Deed of Non-Competition, none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;

(3) taking no account of Shares which may be taken up under the [**REDACTED**], none of our Directors or chief executive is aware of any person (not being a Director, or chief executive of our Company) who will, immediately following completion of the [**REDACTED**] and conversion of [**REDACTED**] Shares into H Shares, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and

3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(4) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

Save as disclosed in this document, as at the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

As at the Latest Practicable Date, Zhongtai Venture Capital, a member of the sponsor group (as defined in the Listing Rules) of Zhongtai International Capital Limited, held less than 3% of the total issued shares of our Company. Zhongtai International Capital Limited satisfies the independence criteria applicable to it set out in Rule 3A.07(1) of the Listing Rules.

As at the Latest Practicable Date, the Sole Sponsor confirms that it satisfies the independence criteria applicable to it set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a total fee of USD660,000 to act as the Sole Sponsor to our Company in connection with the [**REDACTED**].

4. Preliminary Expenses

We have not incurred any material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
Zhongtai International Capital Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

Name	Qualifications
Ernst & Young	Certified Public Accountants under the Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
King & Wood	Company's PRC legal adviser
China Insights Industry Consultancy Limited	Independent industry consultant
Hogan Lovells Cadwalader International LLP	Company's legal adviser as to International Sanctions laws
SHINEWING Risk Services Limited	Internal control consultant

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to their respective names in the form and context in which they are respectively included.

7. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see Appendix III — Taxation and Foreign Exchange to this document.

(b) Consultation with Professional Advisers

[**REDACTED**] in the [**REDACTED**] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of [**REDACTED**] for, [**REDACTED**], holding or disposing of or [**REDACTED**] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [**REDACTED**], holding or disposal of, [**REDACTED**] or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as at the date of this document, there has been no material adverse change in the financial or trading position of our Company since 31 May 2026 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

9. Promoters

The promoters of our Company are all then 35 shareholders of our Company as at 8 July 2007 before our conversion into a joint stock company with limited liability. The promoters are Mr. Li Zhaoyang (李朝陽), Intime International, Shanghai Nami, Shanghai Hongyi, Sany HK, Mr. Han Shusheng (韓樹盛), Mr. Lou Zongliang (婁宗亮), Mr. Dai Bao (戴寶), Mr. Zheng

Degao (鄭德高), Mr. Song Guozhu (宋國柱), Mr. Zhao Bingguang (趙炳光), Mr. Wang Yongsheng (王永生), Ms. Wang Guifang (王桂芳), Mr. Li Mingyou (李明友), Mr. Li Xiang'an (李相安), Mr. Yin Chongshan (尹崇山), Mr. Dong Yankai (董硯凱), Mr. Guan Tingyi (管廷一), Suzhou Haijing, Mr. Wang Guilin (王桂林), Mr. Zheng Haiquan (鄭海泉), Mr. Gong Jigang (宮繼剛), Mr. Liang Jie (梁傑), Ms. Meng Xiangxia (孟祥霞), Mr. Wu Yingbin (吳英斌), Mr. Han Xiaodong (韓小東), Mr. Tai Mujian (台木儉), Mr. Qiu Shenghua (邱升華), Mr. An Yujing (安玉京), Mr. Liu Hongri (劉紅日), Mr. Liu Xianggui (劉祥桂), Mr. Cui Zengxue (崔增學), Mr. Wang Haiyong (王海永), Ms. Guo Xiuzhen (郭秀珍) and Mr. Yang Yufeng (楊玉峰). Save as disclosed in the section headed "History, Development and Corporate Structure" in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, see Appendices IV and V to this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(i) a copy of each of the material contracts referred to in the paragraph headed "Statutory and General Information — Further Information about the Business of Our Company — 1. Summary of Material Contracts" in Appendix VI to this document; and

(ii) the written consents referred to in the paragraph headed "Statutory and General Information — Other Information — 6. Consents" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sinder.cn** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three financial years ended 31 December 2025 and the five months ended 31 May 2026;

(d) the report prepared by Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the industry report issued by China Insights Industry Consultancy Limited referred to in the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by King & Wood, our legal adviser as to PRC laws, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the legal memorandum prepared by Hogan Lovells Cadwalader International LLP, our legal adviser as to international sanctions laws;

(h) the internal control report prepared by SHINEWING Risk Services Limited, our special internal control consultant, in respect of its review of the policies and systems adopted by our Company in specific areas;

(i) the material contracts referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contracts" in Appendix VI to this document;

(j) the service contracts and letters of appointment referred to in the paragraph headed "Statutory and General Information — Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts and Letters of Appointment" in Appendix VI to this document;

(k) the written consents referred to in the paragraph headed "Statutory and General Information — Other Information — 6. Consents" in Appendix VI to this document; and

(l) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) issued by the CSRC together with unofficial English translations thereof.