*The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility for the contents of this Application Proof, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Application Proof.*

**Application Proof of**



# Axbio International Limited
# 安序源科技*

(the "**Company**")

*(Incorporated in the Cayman Islands with limited liability)*

## WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate that:

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or supplemental, revised or replacement pages on the Stock Exchange's website does not give rise to any obligation of the Company, its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) the Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, advisers or underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;

(j) as there may be legal restrictions on the publication of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

**If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be published to the public during the offer period.**

* *For identification purpose only*

# IMPORTANT

***IMPORTANT:*** *If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.*

# Axbio International Limited
# 安序源科技*

*(Incorporated in the Cayman Islands with limited liability)*

## [REDACTED]

| | | |
|---|---|---|
| **Number of [REDACTED] under the [REDACTED]** | **:** | **[REDACTED] (subject to the [REDACTED])** |
| **Number of [REDACTED]** | **:** | **[REDACTED] (subject to reallocation)** |
| **Number of [REDACTED]** | **:** | **[REDACTED] (subject to reallocation and the [REDACTED])** |
| **Maximum [REDACTED]** | **:** | **HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)** |
| **Nominal value** | **:** | **US$0.0001 per [REDACTED]** |
| **[REDACTED]** | **:** | **[REDACTED]** |

***Joint Sponsors,*** **[REDACTED]**

CICC 中金公司　　浦銀國際 SPDBI

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A copy of this document, having attached thereto the documents specified in "Appendix V — Documents Delivered to the Registrar of Companies and Available on Display," has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this document or any other documents referred to above.

The **[REDACTED]** is expected to be determined by agreement between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company on the **[REDACTED]**. The **[REDACTED]** is expected to be on or around **[REDACTED]** (Hong Kong time). The **[REDACTED]** will not be more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]**. If, for any reason, the **[REDACTED]** is not agreed by 12:00 noon on **[REDACTED]** (Hong Kong time) between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company, the **[REDACTED]** will not proceed and will lapse immediately. Applicants for the **[REDACTED]** may be required to pay, on application (subject to application channels), the maximum **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** together with brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, subject to refund if the final **[REDACTED]** is less than HK$**[REDACTED]** per **[REDACTED]**.

**The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, where considered appropriate and with our consent, reduce the number of [REDACTED] and/or the [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for [REDACTED] under the [REDACTED]. In such case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.axbio.cn as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for [REDACTED] under the [REDACTED], and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] with a supplemental document or a new document, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for [REDACTED] under the [REDACTED]. For more details, see "Structure of the [REDACTED]" and "How to Apply for [REDACTED]."**

The obligations of the **[REDACTED]** under the **[REDACTED]** to **[REDACTED]** for, and to procure **[REDACTED]** for, the **[REDACTED]** are subject to termination by the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) if certain events occur prior to 8:00 a.m. on the **[REDACTED]**. Please refer to "**[REDACTED]**" for details of such circumstances.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be **[REDACTED]**, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities law. The **[REDACTED]** are being **[REDACTED]** and sold (i) in the United States solely to QIBs pursuant to Rule 144A or another available exemption from registration requirements under the U.S. Securities Act, and (ii) outside the United States in offshore transactions in accordance with Regulation S.

[REDACTED]

* *For identification purpose only*

# IMPORTANT

[**REDACTED**]

# IMPORTANT

[**REDACTED**]

# EXPECTED TIMETABLE[1]

[**REDACTED**]

# EXPECTED TIMETABLE[1]

[**REDACTED**]

# EXPECTED TIMETABLE[1]

[**REDACTED**]

# CONTENTS

**IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]**

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

*You should rely only on the information contained in this document to make your* [**REDACTED**] *decision. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by our Company, the Joint Sponsors, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of our or their respective affiliates, directors, officers, employees, advisors, agents or representatives or any other persons or parties involved in the* [**REDACTED**].

Page

**Expected Timetable** . . . . . iii

**Contents** . . . . . vi

**Summary** . . . . . 1

**Definitions** . . . . . 21

**Glossary of Technical Terms** . . . . . 32

**Forward-Looking Statements** . . . . . 39

**Risk Factors** . . . . . 40

**Waivers and Exemption** . . . . . 73

**Information about this Document and the [REDACTED]** . . . . . 77

**Directors and Parties Involved in the [REDACTED]** . . . . . 80

**Corporate Information** . . . . . 83

**Industry Overview** . . . . . 85

**Regulatory Overview** . . . . . 107

**History, Reorganization and Corporate Structure** . . . . . 131

**Business** . . . . . 150

# CONTENTS

**Financial Information** . . . . . 223

**Relationship with Our Single Largest Shareholder** . . . . . 246

**Share Capital** . . . . . 248

**Substantial Shareholders** . . . . . 251

**Directors and Senior Management** . . . . . 253

**Future Plans and Use of [REDACTED]** . . . . . 259

**[REDACTED]** . . . . . 262

**Structure of the [REDACTED]** . . . . . 271

**How to Apply for [REDACTED]** . . . . . 279

**Appendix I — Accountants' Report** . . . . . I-1

**Appendix II — Unaudited [REDACTED] Financial Information** . . . . . II-1

**Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws** . . . . . III-1

**Appendix IV — Statutory and General Information** . . . . . IV-1

**Appendix V — Documents Delivered to the Registrar of Companies and Available on Display** . . . . . V-1

# SUMMARY

*This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**. ***In particular, we are a biotechnology company seeking a* [REDACTED] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules.*** *Moreover, there are risks associated with any* **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in "Risk Factors." Our Core Product is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide. Our Core Product's expansion of application is in the early stage of clinical development. We may continue to incur substantial costs and expenses in relation to the research and development of our Core Product, and our Core Product may not be successfully marketed.*

## OVERVIEW

Founded in 2016, we are a biotechnology company focused on and pioneering in the development and commercialization of molecular diagnostic instruments and biochips. As of the Latest Practicable Date, our product offerings span one microarray analyzer, two EL-NGS gene sequencers, as well as various compatible test kits, all of which are in-house developed. Our Core Product, AxiLona EL-100, is one of the few molecular diagnostic products in China capable of performing electrochemistry-based, multi-target, rapid, low-cost, and integrated detection of biomolecules. AxiLona EL-100 currently has nucleic acid detection function, which provides qualitative analysis of current signals from nucleic acid microarray chips, and is intended to expand to include both nucleic acid and protein detection functions.

**WE MAY NOT BE ABLE TO ULTIMATELY UPGRADE AND MARKET OUR CORE PRODUCT SUCCESSFULLY.**

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

The following chart illustrates our pipeline and summarizes the development status of our selected products and product candidates, all of which are in-house developed, as of the Latest Practicable Date:

| Product | Main Application | Market/Regulatory Authority | Category | Development Stage | | | | | Expected/Actual time for Completion of the Current Stage | Expected/ Actual Clinical Trial Start Time | Expected/ Actual Commercialization Approval Time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Pre-clinical | | | Clinical Trial[2] | Approval | | | |
| | | | | Design | Design Verification | Type Testing[1] | | | | | |
| **Devices** | | | | | | | | | | | |
| Microarray Analyzer<br>AxiLona EL-100 ★ | Nucleic Acid Detection | EU/EU — German Institute for Medical Documentation and Information | A | | | | | | Q3 2023 | / | Q3 2023 |
| | | China/Jiangsu MPA[4] | II | | | | | | Q2 2025 | Q3 2024 | Q2 2025 |
| | | U.S./FDA | II | | | | | | Q1 2026 | Q3 2026 | Q4 2027 |
| | Nucleic Acid Detection & Protein Detection[3] | China/Jiangsu MPA[4] | II | | | | | | Q1 2026 | Q4 2026 | Q4 2027 |
| | | U.S./FDA | II | | | | | | Q1 2026 | Q4 2026 | Q4 2028 |
| EL-NGS Gene Sequencer AxiLona AXP-100 ☆ | Gene Sequencing | China/NMPA | III | | | | | | Q4 2025 | Q3 2026 | Q2 2028 |
| | | U.S./FDA | III | | | | | | Q2 2025 | Q4 2026 | Q4 2028 |
| EL-NGS Gene Sequencer AxiLona AXP-1000 | Gene Sequencing | China/NMPA | III | | | | | | Q3 2026 | Q2 2027 | Q2 2029 |
| | | U.S./FDA | III | | | | | | Q3 2026 | Q2 2028 | Q4 2030 |
| **Test Kits** | | | | | | | | | | | |
| Test Kit for X-linked Monogenic Disorder[5] | Genetic Disease Detection — Fragile X syndrome | China/NMPA | III | | | | | | Q3 2026 | Q4 2026 | Q2 2029 |
| Test Kit for Pathogenic Microorganism[6] | Respiratory Multiplex testing | China/NMPA | III | | | | | | Q2 2026 | Q4 2026 | Q2 2029 |
| | Meningitis | China/NMPA | III | | | | | | Q3 2026 | Q4 2026 | Q4 2028 |

★ Core Product ☆ Key Product

*Abbreviations: Q1 means the first quarter; Q2 means the second quarter; Q3 means the third quarter; Q4 means the fourth quarter*

*Notes:*

(1) For the FDA registration in the U.S., type testing refers to safety and performance testing.

(2) In the EU, Nucleic Acid Detection is regulated under the In Vitro Diagnostic Regulation (IVDR). Under the IVDR, Nucleic Acid Detection devices classified as Class A are exempt from the requirement for clinical trials.

(3) Although AxiLona EL-100 for nucleic acid detection and AxiLona EL-100 for both nucleic acid and protein detection differ in detection targets, reagent kits and software modules, they share the same hardware configuration and will be regulated as one product by Jiangsu MPA.

(4) According to the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》), as a Class II medical device, AxiLona EL-100 is regulated by the Jiangsu MPA.

(5) Designed for use in conjunction with AxiLona AXP-100.

(6) Designed for use in conjunction with AxiLona EL-100.

## OUR STRATEGIC FOCUS AND MARKET OPPORTUNITIES

Our immediate strategic focus is on the commercialization and further application development of our molecular diagnostics products based on our proprietary electrochemical biochip technology. In parallel, as part of our long-term strategy, we will continue to develop our EL-NGS platform with long-read sequencing capabilities. This strategy is driven by the market demands for technologies with faster speed, higher accuracy, and greater accessibility. For details of our journey and business evolution since our inception, see "Business — Our Journey and Strategic Evolution."

### Molecular Diagnostics Products

The market potential for molecular diagnostic products is significant, driven by demand for multiplex, rapid, cost-effective, and integrated detection solutions. According to CIC, the global non-sequencing molecular testing market reached US$9.8 billion in 2024 and is projected to grow to US$22.5 billion in 2033, representing a CAGR of 9.7%. Traditional PCR products are generally limited to detecting a small number of targets simultaneously and require multiple processing steps and specialized infrastructure, while NGS technologies, though comprehensive, are often cost-prohibitive and time-consuming. These unmet needs point to the market opportunity for innovative products featuring multiplex detection, lower costs and accelerated testing cycles.

Therefore, we have developed AxiLona EL-100, a molecular diagnostic product based on electrochemical biochip technology, which is one of the few in China capable of performing electrochemistry-based, multi-target, rapid, low-cost, and integrated detection of biomolecules. We have completed the clinical trial for AxiLona EL-100 in March 2025 and have received its registration approval from Jiangsu MPA in April 2025. According to CIC, the global electrochemical multiplex PCR-microarray testing market is projected to grow from US$397.6 million in 2024 to US$1,027.8 million in 2033 at a CAGR of 11.1%, with China's market projected to grow from US$2.2 million to US$56.4 million at a CAGR of 43.6%. The U.S. and EU markets are projected to reach US$292.6 million and US$448.5 million by 2033, respectively, from US$105.5 million and US$220.9 million in 2024, respectively. In 2024, the electrochemical multiplex PCR-microarray testing market accounts for approximately 4.1% of the overall non-sequencing molecular testing markets globally, 0.1% in China, 6.7% in the U.S., and 3.8% in the EU.

### EL-NGS Platform

Gene sequencing has diverse applications across clinical diagnostics, scientific research, drug development and other fields, representing a market with tremendous long-term growth potential. According to CIC, the global market size of high-throughput gene sequencing reached US$7.1 billion in 2024, and is expected to achieve US$21.9 billion in 2033, representing a CAGR of 13.2%. However, mainstream NGS products fall short in meeting the demand for long-read sequencing with high accuracy and low cost, leaving significant unmet needs. We are developing AxiLona AXP-100, which, according to CIC, is the world's first EL-NGS gene sequencer, integrating semiconductor biochips with technologies across biochemistry, integrated circuits, microfluidics, AI, and bioinformatics to deliver long-read, high-accuracy, low-cost, and fast sequencing. According to CIC, the global EL-NGS testing market is estimated to increase from US$1.4 million in 2024 to US$501.0 million in 2033 at a CAGR of 91.8%. China's EL-NGS testing market is estimated to increase from US$1.4 million in 2024 to US$243.9 million in 2033 at a CAGR of 77.0%. The U.S. and EU EL-NGS testing markets are estimated to increase from nil in 2024 to US$130.1 million and US$95.8 million in 2033, respectively. In 2024, the EL-NGS testing market accounts for approximately 0.0% of the overall high-throughput gene sequencing market globally, 0.1% in China, and nil in the U.S. and the EU.

**Expanding Offerings Based on Foundational Technology**

Building upon our foundational technologies, we also provide customized small molecule synthesis and high-throughput protein mutagenesis services, and are advancing development of multi-omics detection solutions for multiplex protein marker detection and protein sequencing. In addition, we have developed the AxiLona Library Preparation Robotic System for automated library preparation through a collaborative partnership with a specialized liquid handling module manufacturer.

## OUR PRODUCT AND SERVICE PORTFOLIO

### Instruments

***AxiLona EL-100, our Core Product***

AxiLona EL-100 is a molecular diagnostic product based on electrochemical biochip technology. It delivers improved performance over conventional PCR systems, featuring a number of advantages, including multiplex target detection, high sensitivity, high specificity, rapid testing cycle, as well as smooth and safe user experience:

- *Multiplex detection.* AxiLona EL-100 can conduct target detection through 54 addressable electrodes, enabling simultaneous analysis up to 54 targets in a single test run, as validated through engineering and pre-clinical studies. Each target typically represents a characteristic nucleic acid sequence associated with a specific bacterium, virus, or gene of interest.

- *High sensitivity.* It can accurately detect positive samples across varying concentration levels, with a detection limit as low as 100 copies/mL. Our pre-clinical studies demonstrated that it accurately distinguished between positive and negative results across weak-positive, medium-positive, and strong-positive samples, achieving a 100% detection rate for all 85 positive samples.

- *High specificity.* It is capable of accurately differentiating target pathogens from non-target pathogens and minimizing false-positive results. In our preclinical studies, the system analyzed 397 negative samples, with only 2 false-positive reports, yielding a specificity of 99.5% (395/397).

- *Rapid testing cycle.* It also offers a relatively short turnaround time, completing the entire workflow including both automated and manual steps in under two hours, which is considerably faster than many conventional molecular diagnostic methods such as the commonly used multiplex PCR or multiplex PCR microarray platforms, according to CIC.

- *Smooth and safe user experience.* In terms of convenience, evaluation forms from clinical trials indicate that the system features efficient installation and setup, straightforward power-on/off procedures, simple sample loading and testing workflows, an intuitive user interface, easy cleaning and disinfection, and accurate operational status indicators, achieving an average score of 98 out of 100 across multiple evaluations. Furthermore, the device demonstrates favorable safety and stability profile, with no safety issue such as electrical leakage or physical damage, no malfunctions during operation, consistent long-term performance, accurate chip recognition, real-time status display, and automated report storage.

These features make it well-suited for scientific research supported by research-use-only (RUO) test kits, and for clinical applications supported by test kits developing with regulatory approval or through other pathways, distinguishing it from competing molecular diagnostic products.




*Appearance of AxiLona EL-100*

AxiLona EL-100 was admitted into the Special Registration Procedures for Innovative Class II Medical Devices (commonly known as Green Path) by the Jiangsu MPA in June 2024. We completed its clinical trial in March 2025, and have received the Class II medical device registration certificate for AxiLona EL-100 from Jiangsu MPA in April 2025. This registration approves our microarray analyzer for the qualitative analysis of signals generated by nucleic acid microarray chips in support of nucleic acid-based medical testing applications, and is not intended for absolute quantification of nucleic acid samples. These microarray chips are components of test kits, and AxiLona EL-100 must be used in conjunction with compatible test kits for any clinical or research use only applications. We also received the CE marking for AxiLona EL-100 in July 2023. We plan to develop an upgraded version to cover both nucleic acid detection and protein detection.

In our completed clinical trial, our AxiLona EL-100 has demonstrated excellent detection consistency with the control system (a commercially available real-time fluorescence quantitative PCR instrument and respiratory pathogen nucleic acid detection kit). Though our AxiLona EL-100 and the control system operate under different technical principles, this clinical trial demonstrates that the consistency rate for the positive samples between our AxiLona EL-100 as the test system and the control system was 100.00%, the consistency rate for the negative samples between our AxiLona EL-100 as the test system and the control system was 100.00%, and the overall consistency rate was 100.00%. The Kappa value was 1.0000 (>0.75), indicating excellent detection consistency between the test system and the control system.

As to functionality, in this clinical trial, each positive and negative quality control sample yielded qualified results, with no instances of quality control failure. Also, during operation, the device correctly identified microarray chips, displayed working status, reported and stored detection results, and functioned normally, demonstrating high stability. The microarray analyzer maintained continuous operation without abnormal operations. As to convenience of use, the average user rating is 98 (out of 100). Furthermore, no safety-related events occurred. For further details, see "Business — Our Product and Service Portfolio — AxiLona EL-100 — Our Core Product."

Among the existing non-sequencing molecular testing products utilizing multiplex PCR-microarray technologies, a majority of them are based on fluorescence microarray detection and few opine on electrochemical microarray detection which offers higher sensitivity and specificity, greater multiplexing capacity, lower costs, simpler and more compact instrumentation, and a streamlined workflow compared to fluorescence-based systems. As of December 31, 2025, an aggregate of 80 multiplex PCR-microarray testing instruments developed by 58 companies had been approved by the NMPA or its local counterparts, of which only two were electrochemical platforms, including our Core Product

AxiLona EL-100. In 2024, the top five players in China's non-sequencing molecular testing market collectively held over 50% of the market share by revenue, with the single largest player accounting for 13.2%. In contrast, the electrochemical multiplex PCR-microarray testing segment was highly concentrated, with the only two approved instruments capturing the entire market share in China for the same year. For more information related to the competitive landscape of multiplex PCR microarray analyzers, see "Industry Overview — Overview of Non-sequencing Molecular Testing Market — Overview of Multiplex PCR-Microarray Testing."

Our AxiLona EL-100 was strategically developed to address substantial market opportunities. While not universally applicable to every end-user category, the platform demonstrates extensive market reach and customer base potential. Built on an innovative technology platform, the AxiLona EL-100 delivers cost-effective, high-multiplex detection capabilities that are particularly well-suited for pathogen detection and genetic disease screening applications. Notably, high-multiplex pathogen detection represents a significant market opportunity with diverse application scenarios.

Following receipt of the Class II medical device registration certificate for the AxiLona EL-100 microarray analyzer, we are actively developing various test kits by ourselves and pursuing collaborations with downstream partners across various sectors to co-develop specialized test kits, systematically expanding both clinical and research applications. Our commercialization strategy encompasses multiple pathways, including pursuing NMPA-approved in vitro diagnostic (IVD) kits, developing laboratory-developed tests (LDTs) tailored to specific clinical requirements, and offering RUO test kits. This flexible approach enables us to respond dynamically to end-user demands while capturing broader market opportunities.

***AxiLona AXP-100, our Key Product***

AxiLona AXP-100 EL-NGS gene sequencer, the world's first EL-NGS platform, according to CIC, achieves an optimal balance across four critical metrics: accuracy (>99%), read length (single-molecule cyclic sequencing with repetitive consensus analysis based on simultaneous synthesis and sequencing), cost (significantly lower cost per Gigabases of data), and speed (up to one million reads concurrently). AxiLona AXP-100 can serve both clinical applications such as diagnoses of cancer and infectious disease and scientific research needs including structural variations study, and single-gene disease investigation. Research use refers to applications for scientific research purposes after the product has completed its design and development phase. Clinical applications refers to applications approved by national or local drug and food administration departments for clinical diagnosis.




*Appearance of AxiLona AXP-100*

We launched the product prototype of AxiLona AXP-100 in 2021, and launched it for research use in 2023. We also plan to actively pursue the clinical application of AxiLona AXP-100. We completed the type testing for AxiLona AXP-100 in December 2025 in China and plan to initiate a clinical trial for AxiLona AXP-100 in the third quarter of 2026, after which we will pursue regulatory registration based on the trial outcomes.

As of December 31, 2025, 38 high-throughput gene sequencing instruments by 23 players had been approved by the NMPA or its local counterparts; while no EL-NGS instrument had received regulatory approval as of the same date. In 2024, the top five players in China's high-throughput gene sequencing market collectively secured 95.8% of the market share by revenue, with the single largest player accounting for 47.0%. The EL-NGS segment, however, was still pre-commercial, with all instruments marketed for RUO. For more information related to the competitive landscape of high-throughput gene sequencing products, see "Industry Overview — Overview of Gene Sequencing Market — Competitive Landscape of High-Throughput Gene Sequencing Market."

***AxiLona AXP-1000***

We plan to develop AxiLona AXP-1000, which would feature a higher throughput sequencing chip with ten million nanopore channels, offering nearly ten times the throughput of the AxiLona AXP-100. AxiLona AXP-1000 is currently in the design phase and we expect to complete the design of AxiLona AXP-1000 in the third quarter of 2026.

***Test Kits***

Our test kits comprise biochips, reagents and other necessary consumables. We are currently developing test kits for both of our molecular diagnostic products and EL-NGS platform. For example, we have been actively advancing development of specialized test kits for genetic disease detection and pathogenic microorganism detection. We completed design verification of the genetic disease detection test kits, and expect the pathogenic microorganism detection test kits targeting bacteria, viruses, and fungi to complete the design verification in the second quarter of 2026. Test kits are designed to be used in conjunction with AxiLona EL-100 and AxiLona AXP-100 for both clinical applications and RUO purposes. For details of different test kits, see "Business — Our Product and Service Portfolio — Test Kits."

**Other Product and Service Offerings**

One of our key offerings extended based on our foundational technology is custom synthesis of chemical products, which involves tailored small molecule synthesis, optimization, and enhancement of biological activity. This service has been fully developed, and we have already delivered two batches of products to clients in 2024. Another fully developed service we offer is high-throughput protein mutagenesis services, which typically includes gene synthesis, mutant library construction, protein expression and purification, high-throughput screening of mutants, and sequence validation.

We are also developing service solutions for multi-omics protein detection. These potential offerings include our ELP solution for multiplex protein marker detection built on the EL-100 platform and our AXPP solution for protein sequencing based on our EL-NGS platform. The development of these solutions is part of our long-term strategy to extend our core platform capabilities.

In addition, we have previously participated in the development of a non-invasive saliva glucose monitor system designed for home-use point-of-care testing (POCT), using electrochemical detection technology. This saliva-based blood glucose monitoring solution enables users to obtain clinical-grade glucose readings through simple oral fluid collection, eliminating traditional blood sampling requirements. The development was conducted under a commissioned development arrangement with an industry research institution, and upon completion of the prototype development, all related rights and interests in the product were

transferred to the commissioning party in accordance with the relevant agreements. This development experience and collaboration reflect our technical expertise and practical capabilities in electrochemical detection technologies and end-to-end product development.

The AxiLona Library Preparation Robotic System, a next-generation robotic platform for genomic workflow automation, represents our efforts to further expand product portfolio. The system combines industrial-grade robotic liquid handling, which achieves microliter-scale precision and enables the simultaneous processing of eight samples. Based on our internal testing, this system has demonstrated the potential to reduce processing time by approximately 50% compared to manual methods, while maintaining consistent library quality and yield. This robotic platform has already been integrated into our testing workflows, contributing to improved operational efficiency and consistency. Through a collaboration with a specialized liquid handling module manufacturer, we are incorporating high-quality robotic components and corresponding consumables into this system. We will enjoy the ownership of the patents related to such robotic system developed through the current partnership mode. In the future, we may forge additional partnerships with other industry players or suppliers to further enhance the automation and portability of sequencing workflows of our AxiLona Library Preparation Robotic System.

## OUR TECHNOLOGY PLATFORMS

We focus on developing life science technology platforms, with core expertise spanning four key areas: integrated circuit chips, synthetic biology and chemical engineering, electrochemistry and microfluidics, and artificial intelligence.

### Integrated Circuit Chip Technology

Our integrated circuit chip technology delivers meaningful improvements in gene sequencing and molecular diagnostics. Designed using complementary metal oxide semiconductor (CMOS) principles and a 300mm, 65-nm fabrication process, our Bio-CMOS chips achieve highest density with over one million parallel nanopore detection cells per chip (with completed design of next generation chip scaling to tens of millions), reducing sequencing costs significantly. Although our Bio-CMOS chip technology is primarily used in advanced DNA sequencing, it has also been instrumental in developing the high-performance microarray chips used for nucleic acid and protein-based medical testing applications of our AxiLona EL-100. The chip's precision is enhanced by alternating current (AC) impedance detection and lab-on-chip microfluidics, which minimizes noise and improves accuracy. Furthermore, its compatibility with standard semiconductor processes enables scaled mass production at reduced costs. This proprietary technology positions us as a key player in the integration of semiconductor innovation with life sciences applications.

### Synthetic Biology and Chemical Engineering

Our synthetic biology and chemical engineering platform further facilitates our technological capabilities. Equipped with specialized synthesis and analytical tools, this platform supports high-purity, customized synthesis of DNA, RNA, phosphoramidites, oligonucleotides, and modified dNTP biomarkers. These specialized synthesis and modifications enhance the signal-to-noise ratio in our AxiLona EL-100's detection capabilities and AxiLona AXP-100's sequencing applications, improving data quality. Additionally, our AI-algorithm-assisted enzyme engineering capabilities, including microfluidics-based high-throughput protein screening ($10^5$–$10^6$ mutants) and rational design systems, have led to the discovery of salt-tolerant, high-performance polymerases that drive the performance of our diagnostic and sequencing products. This platform ensures we deliver solutions for the demanding molecular biology challenges.

**Electrochemical and Microfluidic Integration**

Our Bio-CMOS chip's integration of electrochemical biosensing and microfluidic precision delivers strong benefits for gene sequencing and molecular diagnostics. The AxiLona EL-100 translates these capabilities into clinical practice, with combining the electrochemical sensing with microfluidic sample handling capabilities. This technology enables ultra-low-cost instruments and test kits, high-density detection arrays with unparalleled sensitivity, accuracy, and speed. By eliminating bulky optical components, our approach enables miniaturized, portable and compact sequencing and diagnostic devices, making diagnostics more accessible. With its fast turnaround times and scalability, our electrochemical and microfluidic platform offers an innovative alternative for cost-effective and efficient molecular detection solutions, addressing a wide range of applications.

**Our AI-Enabled Capabilities**

Currently, the detection of AxiLona EL-100 process employs PCR polymerase, while the EL-NGS sequencing process makes use of polymerase. The performance of these enzymes is critical to the success of our products. AI plays an important part in our screening and engineering of enzymes, supporting improvements in precision and efficiency. Leveraging our expertise in synthetic biology and protein engineering, AI helps identify opportunities for the design and optimization of polymerases. Through AI-supported structural simulations and in-depth analyses, we can identify critical sites and refine enzyme modeling to achieve better performance. Additionally, AI enables the development of microfluidics-based high-throughput protein mutation systems. We have already established targeted gene mutation libraries using microfluidics-based PCR, facilitating protein-directed evolution through Compartmentalized Self-Replication. By integrating high-throughput screening results with algorithm-assisted rational design methodologies, our platform achieves high precision and efficiency in protein screening and modification. These advancements not only enhance the capabilities of our existing platforms but also expand our ability to provide comprehensive solutions in this domain.

Our AI-assisted multiplex panel design for AxiLona EL-100 integrates machine learning with multiple bioinformatics alignment algorithms to identify highly specific primer-probe binding sites, optimize physical and chemical parameters, and perform specificity validation. Leveraging existing PCR/qPCR datasets to train predictive models, the system estimates amplification efficiency, assesses dimerization risk, enables multi-objective optimization, and detects aberrant sequence that may compromise amplification performance.

## OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors.

- We are a frontrunner in integrated circuit biotechnology, specializing in the development of sophisticated life science tools, including molecular diagnostics products and electrochemical long-read next-generation sequencing (EL-NGS) platform, offering multi-omics solutions for life science research and clinical applications;

- We focus on developing foundational platforms, with core expertise spanning four key areas: integrated circuit chips, synthetic biology and chemical engineering, electrochemistry and microfluidics, and artificial intelligence. The integration of IC (integrated circuits), BT (biotechnology), and AI (artificial intelligence) creates a uniquely distinctive position for us in the industry;

- Robust and efficient R&D framework dedicated to fostering innovation and driving transformation;

- Integrated manufacturing and commercialization capabilities with a strategic and forward-looking outlook; and

- A seasoned management team with interdisciplinary scientific expertise and deep industry insight.

See "Business — Competitive Strengths."

## OUR STRATEGIES

We intend to pursue the following strategies to further grow our business.

- Accelerate the development of our product portfolio to solidify our competitive edge in molecular diagnostic products and EL-NGS gene sequencing;
- Expand and strengthen our core technology platform to further solidify our unique integration of IC (integrated circuits), BT (biotechnology), and AI (artificial intelligence);
- Build up domestic and international commercialization capabilities to drive the successive commercialization of our product pipeline; and
- Further enhance manufacturing capacity for gene sequencing and molecular diagnostic products.

See "Business — Strategies."

## RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in "Risk Factors." Some of the major risks we face include:

- Our future growth depends substantially on the success of our product candidates. If we are unable to successfully complete clinical development, obtain regulatory approval, commercialize our product candidates, or keep up with industry and technology developments, or if we experience significant delays in doing so, our business will be materially harmed;
- We may not be successful in developing, enhancing or adapting to new technologies and methodologies;
- We may not be able to develop new or improved products that are competitive or aligned with evolving gene technologies and customer needs in the market due to the intense market competition and the current dominance of certain key players, in a timely manner or at all;
- If clinical trials of our product candidates fail to demonstrate positive results to the satisfaction of regulatory authorities, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates;
- We have limited experience in marketing and sales of our products. There can be no assurance that we will be able to successfully commercialize our products, and as a result, our revenue and profitability could be materially and adversely affected;
- Our success depends on our ability to provide reliable, high-quality products and services and to rapidly evolve to meet our customers' needs. If our products or services, or similar molecular diagnostics and gene sequencing services and products available in the market in general, do not meet the expectations of customers, our results of operations, reputation and business could suffer.

## RESEARCH AND DEVELOPMENT

As a life sciences company founded in the U.S. and grown in China, we have been actively pursuing a multi-national strategy. Over the years, we have strategically established four R&D centers across Silicon Valley, Shenzhen, Tianjin, and Wuxi, each equipped with sophisticated experimental facilities to fuel our R&D endeavors. As of the Latest Practicable Date, our sophisticated and stable R&D team comprised 68 members with multidisciplinary backgrounds and industry know-how across semiconductor, biotechnology and artificial intelligence, over 70% of whom hold doctorate or master's degrees, including 11 core R&D personnel who are primarily responsible for key R&D functions such as instrumentation and electronics, chips, software and data, biochemistry, product application development and manufacturing process research. Globally, our founders have secured nearly a hundred issued patents, with several more under application. In 2024 and 2025, we incurred research and development expenses of US$11.4 million and US$8.9 million, respectively. For details, please refer to "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses."

## MANUFACTURING

We manufacture, assemble and test our products mainly at our 4,100 square-meter manufacturing center in Wuxi. We had three production lines, with an annual designed production capacity of 1,000 units of instruments and 100 thousand sets of test kits. Our manufacturing facility is designed to be in compliance with GMP requirements of China and applicable regulations in the EU. We are also accredited in accordance with the ISO 13485 quality standard. We have received the medical device production permit for AxiLona EL-100 from Jiangsu MPA in April 2025. As of the Latest Practicable Date, we had a manufacturing team of 19 employees. Leveraging our own production lines and in-house manufacturing personnel, we do not rely on any imported products or external CMOs (contract manufacturing organizations). We plan to build a new production line for our medical devices and test kits to expand our manufacturing capability to capture the growing market demand. For details, please refer to "Business — Manufacturing."

## SALES AND MARKETING

During the Track Record Period, we mainly sell our products directly to our customers and we expect direct sales to remain an important part of our distribution approach in the foreseeable future. To expand our commercial footprint both within our domestic market and overseas market in the future and penetrate the in-hospital market in anticipation of our products' expanded clinical applications, we have started to engage distributors for the sales of our products. We formulate and implement a reasonable pricing strategy for our marketed products to stay competitive and profitable. We primarily sold our products with prices in a fixed range during the Track Record Period. We take into account a number of factors in determining price for our products, which primarily include our R&D, production and marketing costs and expenses, the perceived value of products and services, our market share, and the competitive landscape. For details, please refer to "Business — Sales and Marketing."

## OUR CUSTOMERS

During the Track Record Period, our customers were primarily research institutes and hospitals. In 2024 and 2025, the aggregate sales to our five largest customers accounted for 98.1% and 85.9% of our total revenue, respectively, and sales to our largest customer accounted for 24.8% and 53.9% of our total revenue, respectively. To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [**REDACTED**] had an interest in any of our customers during the Track Record Period. For details, please refer to "Business — Our Customers."

## OUR SUPPLIERS

During the Track Record Period, our suppliers mainly comprised of service providers across scientific research, facility operations, and professional technical support, and raw material suppliers. In 2024 and 2025, purchases from our five largest suppliers in aggregate accounted for 33.0% and 26.1% of our total purchases (including value added tax), respectively, and purchases from our largest supplier accounted for 10.8% and 7.0% of our total purchases for the same periods (including value added tax), respectively. To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [**REDACTED**] had an interest in any of our suppliers during the Track Record Period. For details, please refer to "Business — Our Suppliers and Raw Materials."

## INTELLECTUAL PROPERTY RIGHTS

We have built an extensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how. As of the Latest Practicable Date, we had 42 issued patents and 22 patent applications in China, 13 issued patents and 18 patent applications in the U.S. and other jurisdictions. We also have four layout-design of integrated circuits registered in China. Specifically, in relation to our Core Product, AxiLona EL-100, we had five issued patents and six patent applications as of the Latest Practicable Date. We believe there is no material legal impediment to obtain the approvals for these pending patents. As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in China and are seeking trademark protection for our Company and our corporate logo in the countries where available and appropriate. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings regarding intellectual property rights infringement claims against us or initiated by us. For details, please refer to "Business — Intellectual Property Rights."

## OUR SINGLE LARGEST SHAREHOLDER

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), Dr. Tian will hold 55,233,000 Shares, representing approximately [**REDACTED**]% of the total issued share capital of our Company. Accordingly, Dr. Tian will be our single largest Shareholder after the [**REDACTED**]. See "Relationship with Our Single Largest Shareholder" for details.

## OUR PRE-[REDACTED] INVESTORS

Since the establishment of our Group, we have received four rounds of Pre-[**REDACTED**] Investments from a number of Pre-[**REDACTED**] Investors. The aggregate proceeds from the Pre-[**REDACTED**] Investments amounted to approximately US$115.7 million. The post-money valuation of our Group upon the completion of the Series B Financing was approximately US$347.5 million. Our Pre-[**REDACTED**] Investors include certain Sophisticated Investors, namely AZ-CICC and YF Capital. For the principal terms of the Pre-[**REDACTED**] Investments and background information of the Pre-[**REDACTED**] Investors, see "History, Reorganization and Corporate Structure."

## EQUITY INCENTIVE PLAN

We adopted the Equity Incentive Plan. For details including a summary of the principal terms of the Equity Incentive Plan and the dilution impact resulting from full exercise of all outstanding share options granted thereunder, see "Appendix IV — Statutory and General Information — D. Equity Incentive Plan."

## SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

### Summary of Consolidated Statements of Profit or Loss

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

| | For the Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| **Revenue** | **479** | **1,210** |
| Cost of sales | (175) | (374) |
| **Gross profit** | **304** | **836** |
| Other income | 2,063 | 1,007 |
| Other gains and losses | (7,805) | (6,841) |
| Research and development expenses | (11,412) | (8,925) |
| Administrative expenses | (6,526) | (5,687) |
| Impairment losses recognised under expected credit loss model, net | – | (106) |
| [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Finance costs | (90) | (115) |
| **Loss before tax** | **(23,466)** | **(22,272)** |
| Income tax expense | – | – |
| **Loss for the year** | **(23,466)** | **(22,272)** |
| Other comprehensive (expense) income (item that may be reclassified subsequently to profit or loss) | | |
| Exchange differences arising on translation of foreign operations | (187) | 92 |
| **Total comprehensive expense for the year** | **(23,653)** | **(22,180)** |

### *Non-HKFRS Measure*

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with HKFRS Accounting Standards, we also use adjusted loss as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. We believe that the presentation of the non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful information to management and [**REDACTED**] in facilitating a comparison of our operating performance from year to year.

We define adjusted loss (non-HKFRS measure) as loss for the year/period adjusted by adding back (i) loss from changes in fair value of financial liabilities at FVTPL, (ii) [**REDACTED**] in relation to the proposed [**REDACTED**] and [**REDACTED**], and (iii) share-based payments. Loss from changes in fair value of financial liabilities at FVTPL represents the fair value changes of the Series A-1 Preferred Shares and Series B Preferred Shares held by our Pre-[**REDACTED**] Investors, which is non-cash in nature. Upon completion of the [**REDACTED**], the Series A-1 Preferred Shares and Series B Preferred Shares will be converted into ordinary shares of our Company. Share-based payments represent expenses arising from our grant of share options to eligible individuals, which are also non-cash in nature. The use of the non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial condition as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table reconciles our adjusted loss (non-HKFRS measure) for the year presented in accordance with HKFRS Accounting Standards, which is loss for the year:

| | For the Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| **Loss for the year** | **(23,466)** | **(22,272)** |
| *Add:* | | |
| Loss from changes in fair value of financial liabilities at FVTPL | 7,610 | 6,850 |
| [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Share-based payments | 1,198 | 318 |
| **Adjusted loss (non-HKFRS measure) for the year** | **(14,658)** | **(12,663)** |

In 2024 and 2025, we recorded revenue of US$479 thousand and US$1,210 thousand, respectively, which was derived primarily from our sales of AxiLona AXP-100 for research use, and to a lesser extent, from provision of molecular diagnostics solutions to third-party customers. We had not generated revenue from commercial sales of our products and product candidates and were loss-making during the Track Record Period. Our net losses decreased slightly from US$23.5 million in 2024 to US$22.3 million in 2025, primarily due to a decrease of US$2.5 million in research and development expenses, which is attributable to a decrease in staff costs driven by our reduced workforce and organizational streamlining, as well as a decrease in contract service fees following the conclusion of phased R&D initiatives for our Core Product AxiLona EL-100 in 2025; partially offset by an increase of US$[**REDACTED**] in [**REDACTED**] in relation to the proposed [**REDACTED**] and [**REDACTED**]. Substantially all of our net losses resulted from research and development expenses and administrative expenses. For a detailed discussion of our net losses during the Track Record Period, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income."

**Summary of Consolidated Statements of Financial Position**

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

| | As of December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| Total non-current assets | 5,480 | 3,966 |
| Total current assets | 39,707 | 28,786 |
| Total current liabilities | 102,745 | 112,649 |
| Net current liabilities | (63,038) | (83,863) |
| Total assets less current liabilities | (57,558) | (79,897) |
| Total non-current liabilities | 716 | 239 |
| Net liabilities | 58,274 | (80,136) |

Our net current liabilities increased from US$63.0 million as of December 31, 2024 to US$83.9 million as of December 31, 2025, primarily attributable to (i) a decrease of US$12.4 million in bank balances and cash resulting from the cash outflows for our continued research and development activities and daily operations; and (ii) an increase of US$6.9 million in financial liabilities at FVTPL in connection with the fair value changes of our Series A-1 Preferred Shares and Series B Preferred Shares.

Our net liabilities increased from US$58.3 million as of December 31, 2024 to US$80.1 million as of December 31, 2025, primarily attributable to our total comprehensive loss for the year of US$22.2 million. For details, please refer to the Consolidated Statements of Changes in Equity as derived from the Accountants' Report set out in Appendix I to this document.

All the Series A-1 Preferred Shares and Series B Preferred Shares that are classified as financial liabilities at FVTPL will be converted into ordinary shares of our Company and accounted as an increase in equity upon completion of the [**REDACTED**], such that our net liabilities position is expected to turn into a net assets position.

For details of our financial position, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position."

**Summary of Consolidated Statement of Cash Flows**

The following table sets forth our selected cash flow data for the years indicated.

| | For the Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| Operating cash flows before movements in working capital | (13,991) | (13,537) |
| Changes in working capital | (1,013) | (806) |
| Net cash used in operating activities | (15,004) | (14,318) |
| Net cash generated from investing activities | 422 | 346 |
| Net cash (used in) generated from financing activities | (2,607) | 1,531 |
| Net decrease in cash and cash equivalents | (17,189) | (12,441) |
| Cash and cash equivalents at beginning of the year | 54,260 | 36,910 |
| Effect of foreign exchange rate changes | (161) | 85 |
| **Cash and cash equivalents at end of the year** | **36,910** | **24,554** |

In 2025, our cash used in operating activities was US$14.3 million, which was primarily attributable to loss before tax of US$22.3 million as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) changes in fair value of financial liabilities at FVTPL of US$6.9 million, and (ii) depreciation of property and equipment of US$1,420 thousand. Negative adjustments primarily included (i) interest income of US$793 thousand, and (ii) increase in inventories of US$784 thousand.

In 2024, our net cash used in operating activities was US$15.0 million, which was primarily attributable to loss before tax of US$23.5 million as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) change in fair value of financial liabilities at FVTPL of US$7.6 million, (ii) depreciation of property and equipment of US$1.4 million, and (iii) depreciation of right-of-use assets of US$852 thousand. Negative adjustments primarily included (i) interest income of US$1.5 million, and (ii) an increase of US$1.0 million in trade and other receivables.

For more details of our cash flows, see "Financial Information — Liquidity and Capital Resources — Cash Flows."

Our primary use of cash during the Track Record Period was to fund our research and development activities. We recorded net cash used in operating activities of US$15.0 million and US$14.3 million in 2024 and 2025, respectively. During the Track Record Period, we primarily funded our working capital requirements through equity and debt financings. Our management closely monitors use of cash and cash equivalents and strives to maintain a healthy liquidity for our operations. Going forward, we expect our liquidity requirements will be satisfied by a combination of existing cash and cash equivalents, bank loans, net [**REDACTED**] from the [**REDACTED**], as well as revenue derived from sales of our successfully commercialized products. With the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, or other sources.

Our Directors are of the opinion that, taking into account the financial resources available to us, including bank balances and cash, unutilized bank facilities and the estimated

net [**REDACTED**] from the [**REDACTED**], and considering our cash burn rate, we have available sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses and other operating costs, for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. We had bank balances and cash of US$24.6 million as of December 31, 2025. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the low end of the [**REDACTED**]. Assuming an average cash burn rate going forward of 1.5 times the level in 2025, we estimate that our bank balances and cash as of December 31, 2025 will be able to maintain our financial viability for [**REDACTED**] months, or, if we take into account the estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing no earlier than six months after the completion of the [**REDACTED**]. For more information related to our working capital sufficiency, see "Financial Information — Working Capital Confirmation."

**Key Financial Ratios**

The following table sets forth our key financial ratios as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | **2024** | **2025** |
| Current ratio[(1)] | 0.4 | 0.3 |

*Note:*

(1) Current ratio is calculated as current assets divided by current liabilities as of the end of the year/period.

For details, see "Financial Information — Key Financial Ratios."

## DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. We did not have a formal dividend policy or pre-determined dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Our Board of Directors has complete discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law. Even if our Board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board of Directors.

As advised by our legal advisor as to Cayman Islands laws, notwithstanding that the Company may have accumulated losses, the Company may declare dividend (a) out of profits of the Company if the Company has sufficient profits, unless such is contrary to the accounting principles adopted by the Company or (b) out of the share premium of the Company if following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of the Company and may make provision for losses. [**REDACTED**] should not purchase our Shares with the expectation of receiving cash dividends.

## RECENT DEVELOPMENTS

Since the end of the Track Record Period, we have been consistently advancing our product pipeline and developing our business, including actively progressing the

commercialization of AxiLona EL-100. We expect that we will continue to record net losses for the year ending December 31, 2025, primarily because (i) we expect to incur significant research and development expenses as we continue to advance and expand our product pipeline and enhance our proprietary technology platforms; and (ii) we expect to incur [**REDACTED**] in connection with our proposed [**REDACTED**].

## NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and [**REDACTED**] positions or prospects since December 31, 2025, being the date on which our latest unaudited consolidated financial statements were prepared, and there has been no event since December 31, 2025 which would materially affect the information in the Accountants' Report set out in Appendix I to this document.

## APPLICATION FOR [REDACTED] OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the Shares in issue (including the Shares outstanding and to be converted from the Preferred Shares) and to be [**REDACTED**] pursuant to (i) the [**REDACTED**], (ii) the exercise of the [**REDACTED**], and (iii) the exercise of share options granted under the Equity Incentive Plan.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] million (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), which represent [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], assuming no Shares are issued pursuant to the [**REDACTED**]. The above [**REDACTED**] are comprised of (i) [**REDACTED**]-related expenses of HK$[**REDACTED**] million, and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**] million, including (a) the legal advisors and the reporting accountants expenses of HK$[**REDACTED**] million, and (b) other fees and expenses of HK$[**REDACTED**] million. During the Track Record Period, we incurred [**REDACTED**] of HK$[**REDACTED**] million, HK$[**REDACTED**] million of which was charged to our consolidated statements of profit or loss, and HK$[**REDACTED**] million of which was attributable to the issue of Shares and will be deducted from equity. We expect to incur additional [**REDACTED**] of approximately HK$[**REDACTED**] million after the Track Record Period, of which approximately HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] million is attributable to the issue of Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

**USE OF [REDACTED]**

We estimate that the aggregate net [**REDACTED**] to our Company from the [**REDACTED**] will be approximately HK$[**REDACTED**] million, after deducting [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] paid and payable by us taking into account any additional discretionary incentive fee and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share.

We intend to apply such net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for further development, commercialization and manufacturing of AxiLona EL-100, our Core Product;
- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for further development, commercialization and manufacturing of AxiLona AXP-100;
- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the development of AxiLona AXP-1000 and our other pipeline products;
- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to expand and strengthen our core technology platform to further solidify our unique integration of integrated circuits (IC), biotechnology (BT), and artificial intelligence (AI); and
- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]" for further details.

*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 "Glossary of Technical Terms."*

| | |
|---|---|
| "Accountants' Report" | the accountants' report of our Group set out in Appendix I to this document |
| "affiliate(s)" | with respect to any specified person, means any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "AFRC" | Accounting and Financial Reporting Council of Hong Kong |
| "Anxuyuan Medical Technology" | Anxuyuan Medical Technology (Wuxi) Co., Ltd. (安序源醫療科技(無錫)有限公司), a company established in the PRC with limited liability on April 20, 2023 and a wholly-owned subsidiary of our Company |
| "Anxuyuan Shenzhen" | Anxuyuan Biotechnology (Shenzhen) Co., Ltd. (安序源生物科技(深圳)有限公司), a company established in the PRC with limited liability on June 1, 2017 and a wholly-owned subsidiary of our Company |
| "Anxuyuan Suzhou" | Anxuyuan Biotechnology (Suzhou) Co., Ltd. (安序源生物科技(蘇州)有限公司), a company established in the PRC with limited liability on April 7, 2020 and a wholly-owned subsidiary of our Company |
| "Anxuyuan Tianjin" | Anxuyuancheng Biotechnology (Tianjin) Co., Ltd. (安序源成生物科技(天津)有限公司), a company established in the PRC with limited liability on April 21, 2020 and a wholly-owned subsidiary of our Company |
| "Anxuyuan Wuxi" | Anxuyuan Biotechnology (Wuxi) Co., Ltd. (安序源生物科技(無錫)有限公司), a company established in the PRC with limited liability on November 19, 2021 and a wholly-owned subsidiary of our Company |
| "Articles of Association" or "Articles" | the fourth amended and restated articles of association of our Company adopted by special resolution on [●] with effect from the [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws" |
| "associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Audit Committee" | audit committee of our Board |
| "Axbio HK" | Axbio (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on October 27, 2021 and a wholly-owned subsidiary of our Company |

| | |
|---|---|
| "Axbio Talent" | Axbio Talent Limited, a company incorporated in the BVI with limited liability on April 16, 2025 which holds the Shares underlying the share awards granted under the Equity Incentive Plan |
| "Axbio US" | Axbio Inc., a company incorporated in Delaware, the United States with limited liability on February 29, 2016 and a wholly-owned subsidiary of our Company |
| "AXPP solution" | protein sequencing solution based on AXP-100 platform |
| "AZ-CICC" | Wuxi AstraZeneca-CICC No. 1 Venture Capital Partnership (L.P.) (無錫阿斯利康中金壹號創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on June 30, 2022 and a Pre-[**REDACTED**] Investor |
| "Board" or "Board of Directors" | board of Directors of our Company |
| "BVI" | British Virgin Islands |
| | [**REDACTED**] |
| "Cayman Companies Act" | the Companies Act (Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time |
| | [**REDACTED**] |
| "CEO" | chief executive officer of our Group |
| "China" or "PRC" | the People's Republic of China, and for the purpose of this document and for geographical reference only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| "CIC" | China Insights Consultancy Limited, a market research and consulting company and an independent third party |
| "CIC Report" | the report commissioned by our Company and independently prepared by CIC, a summary of which is set out in "Industry Overview" |
| "close associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Companies Ordinance" | 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" | 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" | Axbio International Limited, an exempted company incorporated in the Cayman Islands with limited liability on September 14, 2021 |
| "Compliance Advisor" | SPDB International Capital Limited |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "connected transaction(s)" | has the meaning ascribed to it under the Listing Rules |
| "core connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Core Product" | has the meaning ascribed to it under Chapter 18A the Listing Rules and is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide |
| "COO" | chief operating officer of our Group |
| "Corporate Governance Code" | Corporate Governance Code 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) |
| "Director(s)" | director(s) of our Company |
| "Dr. Tian" | Dr. Hui Tian, our founder, chairman of our Board, executive Director, CEO and our single largest Shareholder |
| "Dr. Ivanov" | Dr. Igor Ivanov, our founder, executive Director and COO |
| "ELP solution" | protein testing solution based on EL-100 platform |
| "Equity Incentive Plan" | equity incentive plan adopted by our Company on October 15, 2021 and amended on February 16, 2023 and April 15, 2025, a summary of the principal terms of which is set out in "Appendix IV — Statutory and General Information — D. Equity Incentive Plan" |
| "Extreme Conditions" | the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below |
| "FDA" | U.S. Food and Drug Administration |

[**REDACTED**]

| | |
|---|---|
| "Group," "we" or "us" | our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time |
| "Guide" | Guide for New Listing Applications issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time |

[**REDACTED**]

| | |
|---|---|
| "HK$" or "Hong Kong dollar" | Hong Kong dollar, the lawful currency of Hong Kong |
| "HKFRS Accounting Standards" | Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and the related interpretations issued by the Hong Kong Institute of Certified Public Accountants |

[**REDACTED**]

[**REDACTED**]

| | |
|---|---|
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |

[**REDACTED**]

| | |
|---|---|
| "independent third party(ies)" | entity(ies) or person(s) who is/are not connected person(s) of our Company or our subsidiaries within the meaning of the Listing Rules |

[**REDACTED**]

[**REDACTED**]

| | |
|---|---|
| "Jiangsu MPA" | Jiangsu Medical Products Administration (江蘇省藥品監督管理局) |

[**REDACTED**]

| | |
|---|---|
| "Joint Sponsors" | the joint sponsors named in "Directors and Parties Involved in the [**REDACTED**]" |
| "Latest Practicable Date" | May 6, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication |

[**REDACTED**]

| | |
|---|---|
| "Listing Rules" | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |

| | |
|---|---|
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange |
| "Memorandum of Association" or "Memorandum" | the fourth amended and restated memorandum of association of our Company adopted by special resolution on [●] with effect from the [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws" |
| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules |
| "MOF" | Ministry of Finance of the PRC (中華人民共和國財政部) |
| "MOFCOM" | Ministry of Commerce of the PRC (中華人民共和國商務部) |
| "NMPA" | National Medical Products Administration of the PRC (中華人民共和國國家藥品監督管理局) |
| "Nomination Committee" | nomination committee of our Board |

[**REDACTED**]

[**REDACTED**]

| | |
|---|---|
| "Overseas Listing Trial Measures" | Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), as amended, supplemented or otherwise modified from time to time |
| "PRC Legal Advisor" | Han Kun Law Offices, our legal advisor as to PRC laws |
| "Preferred Share(s)" | convertible preferred share(s) in the share capital of our Company, including (i) the series seed-1 preferred share(s), (ii) the series seed-2 preferred share(s), (iii) the series seed-3 preferred share(s), (iv) the series seed-4 preferred share(s), (v) the series seed-5 preferred share(s), (vi) the series seed-6 preferred share(s), (vii) the Series A Preferred Share(s), (viii) the Series A-1 Preferred Share(s), and (ix) the Series B Preferred Share(s) |
| "Pre-[**REDACTED**] Investment(s)" | the investment(s) in our Group by the Pre-[**REDACTED**] Investor(s) pursuant to the relevant investment agreement(s), the details of which are set out in "History, Reorganization and Corporate Structure" |
| "Pre-[**REDACTED**] Investor(s)" | the investor(s) from whom our Company obtained investment(s), the details of which are set out in "History, Reorganization and Corporate Structure" |

[**REDACTED**]

| | |
|---|---|
| "document" | this document being issued in connection with the Hong Kong [**REDACTED**] |
| "QIB(s)" | qualified institutional buyer(s) within the meaning of Rule 144A |
| "R&D" | research and development |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Remuneration Committee" | remuneration committee of our Board |
| "Reorganization" | the reorganization arrangements undertaken by our Group in preparation for the [**REDACTED**], the details of which are set out in "History, Reorganization and Corporate Structure — Reorganization" |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "Rule 144A" | Rule 144A under the U.S. Securities Act |

| | |
|---|---|
| "SAFE" | State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) |
| "SAMR" (formerly known as "SAIC") | State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理局) (formerly known as State Administration for Industry and Commerce of the PRC (中華人民共和國工商行政管理局)) |
| "SASAC" | State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) |
| "Series A Financing" | the investments in our Group by the Series A Investors, the details of which are set out in "History, Reorganization and Corporate Structure" |
| "Series A Investor(s)" | the investor(s) of the Series A Financing |
| "Series A Preferred Share(s)" | series A convertible preferred share(s) in the share capital of our Company with par value of US$0.0001 each |
| "Series A-1 Financing" | the investments in our Group by the Series A-1 Investors, the details of which are set out in "History, Reorganization and Corporate Structure" |
| "Series A-1 Investor(s)" | the investor(s) of the Series A-1 Financing |
| "Series A-1 Preferred Share(s)" | series A-1 convertible preferred share(s) in the share capital of our Company with par value of US$0.0001 each |
| "Series B Financing" | the investments in our Group by the Series B Investors, the details of which are set out in "History, Reorganization and Corporate Structure" |
| "Series B Investor(s)" | the investor(s) of the Series B Financing |
| "Series B Preferred Share(s)" | series B convertible preferred share(s) in the share capital of our Company with par value of US$0.0001 each |
| "Series Seed Financing" | the six rounds of investments in our Group by the Series Seed Investors, the details of which are set out in "History, Reorganization and Corporate Structure" |
| "Series Seed Investor(s)" | the investor(s) of the Series Seed Financing |
| "Series Seed Preferred Share(s)" | series seed-1 convertible preferred share(s), series seed-2 convertible preferred share(s), series seed-3 convertible preferred share(s), series seed-4 convertible preferred share(s), series seed-5 convertible preferred share(s) and series seed-6 convertible preferred share(s) in the share capital of our Company with par value of US$0.0001 each |

| | |
|---|---|
| "SFC" | Securities and Futures Commission of Hong Kong |
| "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | ordinary share(s) in the share capital of our Company with par value of US$0.0001 each |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "Sophisticated Investor(s)" | has the meaning ascribed to it under Chapter 2.3 of the Guide |
| | [**REDACTED**] |
| "STA" | State Taxation Administration of the PRC (中華人民共和國國家税務總局) |
| | [**REDACTED**] |
| "State Council" | State Council of the PRC (中華人民共和國國務院) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "substantial Shareholder(s)" | has the meaning ascribed to it under the Listing Rules |
| "Takeovers Code" | Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time |
| "Track Record Period" | the period comprising the two financial years ended December 31, 2025 |
| "treasury share(s)" | has the meaning ascribed to it under the Listing Rules |
| | [**REDACTED**] |
| "U.S." or "United States" | the United States of America, its territories, possessions and all areas subject to its jurisdiction |
| "U.S. dollar" or "US$" | United States dollar, the lawful currency of the United States |

| | |
|---|---|
| "U.S. Securities Act" | United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder |
| "YF Capital" | YF Capital (雲鋒基金), a leading private equity firm focused on investments in emerging industries, including the internet and new consumer sectors, technology and business series and healthcare |
| "%" | per cent |

# GLOSSARY OF TECHNICAL TERMS

*This glossary contains explanations of certain technical terms used in this document in connection with us and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.*

| | |
|---|---|
| "AC" | alternating current, an electric current that changes its direction and magnitude periodically |
| "AI" | artificial intelligence, the simulation of human intelligence in machines that are programmed to think like humans and mimic their actions |
| "AIDS" | acquired immunodeficiency syndrome, a disease in which there is a severe loss of the body's cellular immunity, greatly lowering the resistance to infection and malignancy |
| "Alzheimer's disease" | a disease caused by the accumulation of abnormal protein structures in the brain, which leads to the death of brain cells and the shrinking of brain tissue, affecting patients' memory and thinking skills |
| "base calling" | the process of translating raw data from a sequencer into a sequence of nucleotides |
| "biochip" | a small-scale device, analogous to an integrated circuit, constructed of or used to analyze organic molecules associated with living organisms |
| "bioinformatics" | an interdisciplinary study field combining biology, computer science, statistics and information technology to analyze, interpret and manage biological data |
| "biomarker" | a biological molecule found in blood, other body fluids, or tissues that is a sign of a normal or abnormal process, or of a condition or disease. A biomarker may be used to see how well the body responds to a treatment for a disease or condition |
| "BT" | biotechnology, the exploitation of biological processes for industrial and other purposes, especially the genetic manipulation of microorganisms for the production of antibiotics, hormones, etc. |
| "CAGR" | compound annual growth rate |
| "cDNA" | complementary DNA, a synthetic DNA that has been transcribed from a specific mRNA through a reaction using the enzyme reverse transcriptase. While DNA is composed of both coding and non-coding sequences, cDNA contains only coding sequences |
| "CE marking" | Conformité Européenne marking, a certification marking that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area |

| | |
|---|---|
| "chemiluminescence" | a phenomenon in which a chemical reaction leads to the emission of light without incandescence |
| "Class II medical device" | medical devices with moderate risks, which shall be strictly controlled and administered to ensure their safety and efficacy under the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) |
| "CMOS" | complementary metal oxide semiconductor, an integrated circuit that incorporates negative channel (n-channel) and positive channel (p-channel) transistors within the same circuit design |
| "CRO" | contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contractual basis |
| "CTC" | circulating tumor cell, a cancer cell that breaks away from the original (primary) tumor and enters the bloodstream |
| "ctDNA" | circulating tumor DNA, tumor-derived fragmented DNA in the bloodstream that is not associated with cells |
| "ctRNA" | circulating tumor RNA, fragments of RNA derived from tumor cells that are released into the bloodstream |
| "CV" | coefficient of variation, a measurement in statistics that shows the relative dispersion of data points with respect to its mean |
| "DC" | direct current, an electric current that flows in only one direction |
| "ddNTPs" | dideoxyribonucleoside triphosphates, artificial DNA nucleotides that are used in DNA sequencing according to Sanger sequencing technologies |
| "deep learning" | a machine learning technique that constructs artificial neural networks with multiple layers to extract features from the raw input |
| "DNA" | a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses |
| "dNTPs" | deoxynucleoside triphosphates, the building blocks of DNA, consisting of a deoxyribose sugar, a nitrogenous base, and three phosphate groups |
| "dPCR" | digital PCR, a specialized approach to nucleic acid detection and quantification that estimates absolute numbers of molecules through statistical methods |

| | |
|---|---|
| "EL-NGS" | electrochemical long-read next-generation sequencing |
| "ELISA" | enzyme-linked immunosorbent assay, a serological assay in which bound antigen or antibody is detected by a linked enzyme that converts a colourless substrate into a coloured product |
| "enzyme" | a biological macromolecule that acts as a catalyst |
| "epigenetics" | the study of the epigenome, generally focusing on how cells control gene activity through non-genetic modifications like DNA methylation and histone modification |
| "error correction" | the method used to identify and correct errors in DNA or RNA sequencing data to improve accuracy and reliability |
| "exosome" | nano-sized vesicle secreted from different cell types that contains any of various biomolecules, such as proteins or nucleic acids |
| "extracellular vesicles" | nano-scale membrane structures released by cells, which are widely found in body fluids such as blood, saliva, and urine |
| "FISH" | fluorescence *in situ* hybridization, a laboratory technique for detecting and locating a specific DNA sequence on a chromosome |
| "gene" | a molecular unit of heredity of a living organism |
| "gene synthesis" | the process of artificially creating a gene or a DNA sequence in the laboratory using chemical or enzymatic methods |
| "genome" | the entire set of genetic information of cells or organisms, stored in long molecules of DNA called chromosomes |
| "genomics" | the study of the total or part of the gene sequence information of organisms, focusing on their structure, function, evolution, mapping and editing of information coded within DNA |
| "GMP" | good manufacturing practices, quality assurance guideline that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification |
| "Green Path" | the Special Registration Procedures for Innovative Class II Medical Devices in Jiangsu Province (江蘇省第二類醫療器械創新產品註冊程序), pursuant to which priority review and approval will be applicable to certain innovative medical devices |

| | |
|---|---|
| "hepatitis" | inflammation of the liver that results from a variety of causes, both infectious and noninfectious |
| "HPLC" | high performance liquid chromatography, a method to separate complex protein mixtures, in which the mobile phase is a liquid, with improved flow rates resulting from the high pressure system to enhance separation capacity and improve speed |
| "IC" | integrated circuit, a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components |
| "immunofluorescence" | a technique used for light microscopy with a fluorescence microscope and is used primarily on microbiological samples |
| "KOLs" | key opinion leaders; refer to renowned physicians that influence their peers' medical practice |
| "lab-on-chip microfluidics" | a miniature device that integrates laboratory functions onto a single microscale platform |
| "library" | a large collection of biological samples, molecules or gene sequences cloned from a given organism, tissue, organ, or cell type |
| "liquid biopsy" | a test done on a sample of peripheral blood to look for cancer cells from a tumor that are circulating in the blood or for pieces of DNA from tumor cells that are in the blood |
| "long-read sequencing" | a DNA sequencing approach that enables the sequencing of much longer DNA fragments than traditional short-read sequencing methods |
| "machine learning" | the study of computer algorithms that improves automatically through experience which is seen as a subset of artificial intelligence |
| "mass spectrometry" or "MS" | an analytic technique by which chemical substances are identified by the sorting of gaseous ions in electric and magnetic fields according to their mass-to-charge ratios |
| "MetaCONNET" | a novel deep-learning polishing tool for polishing metagenomic assemblies |
| "microarray" | a grid of DNA segments of known sequence that is used to test and map DNA fragments, antibodies, or proteins |
| "microfluidic" | the design and the application of technical systems which manipulate fluids at the microscale |

| | |
|---|---|
| "mNGS" | metagenomic next-generation sequencing, a shotgun sequencing approach in which all of the nucleic acid (DNA and RNA) in a clinical sample is sequenced at a very high depth, 10-20 million sequences per sample |
| "molecular diagnostics" | laboratory methods that are used to help identify a disease or the risk of developing a disease, such as cancer, by studying molecules, such as DNA, RNA, and proteins, in a tissue or fluid sample |
| "MRD" | minimal residual disease, a very small number of cancer cells that remain in the body during or after treatment |
| "multi-omics" | a biological analysis approach which combines the assessment of different omics groups, including genomics, proteomics, transcriptomics, and epigenomics in order to gain a holistic understanding of biological processes |
| "mutation" | an alteration in the nucleotide sequence of a DNA molecule |
| "nanopore sequencing" | a laboratory technique that uses nanopore technology to read DNA molecules as they pass through a nanopore, or small hole, in a membrane |
| "neural network" | a computational model inspired by the way biological neurons work in the human brain |
| "NGS" | next-generation sequencing, a high throughput, massively parallel sequencing method used to determine the nucleotide sequence of genome in a single biochemical reaction volume |
| "NIPT" | non-invasive prenatal testing, a genetic screening method used during pregnancy to assess the risk of certain chromosomal conditions in the fetus |
| "nucleic acid" | a complex organic substance presents in living cells, especially DNA or RNA, whose molecules consist of many nucleotides linked in a long chain |
| "nucleotide" | the basic building block of nucleic acids such as DNA and RNA |
| "oligonucleotide" | a short chain of nucleotides that consist of either single- or double-stranded DNA or RNA |
| "omics" | a group of biological profiling sciences, derived from the suffix "-omics," covering terms including genomics, proteomics, transcriptomics and epigenetics, each seeking to analyze biological molecules or components within a cell, tissue or organism, and how it determines the structure, function, and interactions of the organism. These studies signify comprehensive and systematic approaches to studying biological systems |

| | |
|---|---|
| "pathogen" | a bacterium, virus, or other microorganism that can cause disease |
| "PCR" | polymerase chain reaction, a method widely used to rapidly make millions to billions of copies of a specific DNA sample |
| "PET" | polyethylene terephthalate, a common thermoplastic polymer resin of the polyester family |
| "pH" | potential of hydrogen, a scale used to specify the acidity or basicity of an aqueous solution |
| "POCT" | point-of-care testing, the analysis of patient specimens near or at the site of patient care, usually performed by clinical staff without laboratory training, also encompassing patient self-monitoring |
| "polymerases" | an enzyme which brings about the formation of a particular polymer, especially DNA or RNA |
| "proteomics" | the study of proteomes, focusing on characterizing and identifying protein expression patterns in response to specific stimuli or following genomic or transcriptomic changes |
| "QA" | quality assurance |
| "QC" | quality control |
| "qPCR" | quantitative PCR, a PCR-based technique that couples amplification of a target DNA sequence with quantification of the concentration of that DNA species in the reaction |
| "reverse transcription" | the reverse of normal transcription, occurring in some RNA viruses, in which a sequence of nucleotides is copied from an RNA template during the synthesis of a molecule of DNA |
| "RNA" | ribonucleic acid, a molecule made up of one or more nucleotides that plays an essential biological role in coding, decoding, regulation, and expression of genes |
| "RSV" | respiratory syncytial virus, a common, contagious virus that causes infections of the respiratory tract |
| "RT-PCR" | reverse transcription PCR, a laboratory technique combining reverse transcription of RNA into DNA (in this context called complementary DNA or cDNA) and amplification of specific DNA targets using PCR |

| | |
|---|---|
| "RUO" | research use only, a term commonly used in the context of laboratory regents, kits, or products that are intended for research purposes and not for diagnostic, therapeutic, or other clinical applications. RUO products are designed and labeled specifically for use in scientific research, experimentation, and analysis in a controlled laboratory setting |
| "Sanger sequencing" | a traditional method for determining nucleotide sequences of DNA by identifying different DNA fragments through fluorescent signal first developed by Frederick Sanger and his colleagues in 1970s, also known as the "chain-terminal method" |
| "SBS" | sequencing by synthesis |
| "semiconductor" | a solid substance that has a conductivity between that of an insulator and that of most metals, either due to the addition of an impurity or because of temperature effects |
| "single molecule sequencing" | a sequencing technology by which sequencing data are obtained from a DNA polymerase performing uninterrupted template-directed synthesis using four distinguishable labelled deoxyribonucleoside triphosphates |
| "SNP" | single nucleotide polymorphism, a genomic variant at a single base position in the DNA |
| "tNGS" | targeted next generation sequencing, a sequencing technology that focuses on a selected subset of genes or genomic regions of interest, allowing high coverage and deep analysis of specific targets rather than sequencing the entire genome |
| "Western blot" | a technique designed to detect specific protein present in a heterogeneous sample |

This document contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of [**REDACTED**]." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors."

The forward-looking statements contained in this document relate only to events or information as of the date on which the statements are made. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect.

In this document, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any of these intentions may change in light of future development.

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

## RISKS RELATING TO OUR BUSINESS AND INDUSTRY

### Risks Relating to the Development of Our Product Candidates

***Our future growth depends substantially on the success of our product candidates. If we are unable to successfully complete clinical development, obtain regulatory approval, commercialize our product candidates, or keep up with industry and technology developments, or if we experience significant delays in doing so, our business will be materially harmed.***

Our business substantially depends on the successful development, regulatory approval and commercialization of our product candidates, most of which are still in design or design verification stage, type/safety and performance testing stage or early commercialization stage, and other products we may develop in the future. Whether we can generate profit from our operating activities largely depends on the successful commercialization of our product candidates. The successful commercialization of our product candidates will depend on several factors, including but not limited to:

- successful enrollment in, and completion of, clinical trials, as well as completion of preclinical studies and success of other development stages including design, verification and type/safety and performance testing;
- regulatory approvals;
- the performance by any third parties, such as CROs or other third parties we may retain to conduct clinical trials;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity; and
- competition with other molecular diagnostics and gene sequencing products.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or be unable to obtain approval for and/or to successfully commercialize our product candidates, which would have a material adverse impact on our business and we may not be able to generate sufficient revenue and cash flows to continue our operations.

***We may not be successful in developing, enhancing or adapting to new technologies and methodologies.***

The global life science tools market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. Our life science technology platforms represents emerging and complex technologies spanning integrated circuit chips, synthetic biology, electrochemistry, microfluidics, and artificial intelligence. The inherent complexity of synchronizing these rapidly evolving disciplines presents substantial

risks, including meeting high precision requirements, system integration challenges, and keeping pace with shifting industry standards. In 2024 and 2025, our research and development expenses were US$11.4 million and US$8.9 million, respectively and we did not begin generating revenue until 2024. We must continue to invest in developing or acquiring technologies that will allow us to enhance the application scenarios, functions, performance and quality of our products. However, we cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies in a timely manner, or at all. Even if we are able to successfully develop new technologies or optimize existing technologies after we spend significant time and efforts on research and development, we cannot guarantee you that we will definitely be able to generate sufficient return on our initial investment to maintain cost-effectiveness or achieve profitability. As a result, we may incur substantial losses from our investment in research and development activities and our future business, results of operations, financial condition and prospects could be materially and adversely affected.

***We may not be able to develop new or improved products that are competitive or aligned with evolving gene technologies and customer needs in the market due to the intense market competition and the current dominance of certain key players, in a timely manner or at all.***

The life science tools market is characterized by technological changes, frequent new product introductions, and evolving industry standards. Without the timely introduction of new and improved products, our products could become technologically obsolete or more susceptible to competition and our results of operations and financial condition would suffer. Even if we develop new or improved products, our ability to market them could be limited by various factors such as regulatory clearance and market demands. We plan to upgrade our AxiLona EL-100 to enable both nucleic acid detection and protein detection, and continue exploring its potentials in overseas markets. For our EL-NGS gene sequencer AxiLona AXP-100, we will continuously iterate and upgrade it to enhance its capabilities and performance. In addition, we plan to develop AxiLona AXP-1000, which would feature a higher throughput sequencing chip. We cannot guarantee that our efforts in devoting significant financial and other resources to our research and development activities will yield favorable results and the new or improved products will be introduced successfully in a timely manner, or at all.

***If clinical trials of our product candidates fail to demonstrate positive results to the satisfaction of regulatory authorities, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.***

Before obtaining regulatory approval for the commercialization of our product candidates, we may be required to conduct extensive clinical trials, and, depending on the type of our relevant product candidates, the clinical trials may require large prospective clinical study that is far more rigorous and expensive than other existing pipeline products. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our product candidates, including but not limited to:

- failure of our product candidates to demonstrate superior results than competing or alternative products, if applicable;
- clinical trials of our product candidates may fail to demonstrate the sensitivity and specificity as anticipated, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of subjects required for clinical trials of our product candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate or subjects may drop out at a higher rate than we anticipate;
- failure to procure requisite test samples or collect samples in our clinical trials; and

- the comparability and transferability of clinical trial results across different jurisdictions may be challenged due to variations in trial designs, methodologies, and patient populations, potentially necessitating additional bridging studies or causing delays in regulatory approvals.

There can be no assurance that these trials will be completed in a timely or cost-effective manner or result in a commercially viable product. If we experience delays in the completion of, or the termination of, a clinical trial of any of our product candidates, the commercial prospects of that product candidate will be harmed, and our ability to generate revenue from any of those product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commence product sales and generate revenue for that candidate.

***We may be unable to develop our product candidates as anticipated if the third parties with which we contract for clinical trials do not perform in an acceptable manner or if these third parties do not successfully carry out their contractual duties or meet expected deadlines.***

We rely on third parties, including clinical trial institutions and CROs, to assist us in designing, implementing and monitoring our clinical trials. If any of these parties terminates its agreements with us, we may not be able to enter into arrangements with alternative third parties that meet our standards in a timely manner, or on commercially reasonable terms, or at all, and the development of our product candidates covered by those agreements could be substantially delayed. In addition, these third parties may not successfully carry out their contractual obligations, meet expected deadlines or follow clinical and manufacturing guidelines and protocols. If any of these parties fails to perform their obligations under our agreements with them in the manner specified in those agreements, the regulatory authorities may not accept the data generated by those studies or may require us to perform additional clinical trials before approving our marketing applications, which would increase the cost of and the development time for the relevant product candidates.

**Risks Relating to the Commercialization of Our Product Candidates**

***We have limited experience in marketing and sales of our products. There can be no assurance that we will be able to successfully commercialize our products, and as a result, our revenue and profitability could be materially and adversely affected.***

Our operations to date have been largely focused on the research and development of our product candidates. As of the Latest Practicable Date, we have only received the registration approval for AxiLona EL-100 and other pipeline products have not entered the clinical stage. We have limited experience in building a commercial team, conducting a comprehensive market analysis, or managing sales force for our products. We will continue to strengthen our in-house commercialization team to carry out our direct sales strategy. We also plan to establish a distributor network to penetrate specific market segments, leveraging local partnerships to enhance accessibility and expand our reach. However, there can be no assurance that we will be able to establish or maintain such relationship with our customers or distributors, or, if we are able to do so, that effective sales forces and network will be established. Any revenue we receive will partially depend on the efforts of our in-house team and such distributors, which may not be successful. We will also face competition in our search for sales personnel with commercialization experiences and other reputable third parties to assist us with the sales and marketing efforts of our product candidates.

***Our success depends on our ability to provide reliable, high-quality products and services and to rapidly evolve to meet our customers' needs. If our products or services, or similar molecular diagnostics and gene sequencing services and products available in the market in general, do not meet the expectations of customers, our results of operations, reputation and business could suffer.***

Our success depends on our ability to provide reliable, high-quality products and services and to rapidly evolve to meet our customers' needs, and the market's confidence in molecular diagnostics and gene sequencing services and products in general. However, there is no assurance that our products will perform as expected at all times and our customers will be satisfied with our services. If our products fail to accurately and completely detect or identify specific indicators for the purposes of the testing or make other errors, or if we fail to satisfy or respond to the requirements of our customers for our services, our customers may be unsatisfactory about our products or services, reduce their purchase or even turn to our competitors' comparable products or services. If other molecular diagnostics and gene sequencing products or services do not perform to expectations, it may result in lower confidence in our industry in general and will then adversely affect the demand of our products and/or services and our business.

If our products fail to gain sufficient market acceptance by customers and others in the industry, the sales of our products will be adversely affected. In addition, customers may prefer other novel products to ours. If our products do not achieve an adequate level of acceptance, we may not generate significant revenue to become profitable. The degree of market acceptance of our products, if approved for commercial sale, will depend on a number of factors, including: the potential and perceived advantages of our products over alternative products; our ability to further validate our products through clinical research and accompanying publications; the timing and scope of approval by regulatory authorities for our product candidates; changes of governmental policies or guidelines in respect of molecular diagnostics and gene sequencing products and services; and the effectiveness of our sales and marketing efforts.

Even after we successfully achieve commercialization of our products for clinical applications, if any of our products fails to achieve market acceptance among customers or if we fail to maintain good relationships with them, we will not be able to generate significant revenue. Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than ours, are more cost effective or render our products obsolete. The successful promotion of our brand will depend largely on our ability to continue to offer high-quality products and our research and development efforts. However, there is no assurance that our brand promotion activities and research and development efforts may be successful or contribute to our growth. In addition, even if these activities increase revenue, the revenue may not be enough to offset the increased expenses we incur.

***The actual market size of our product candidates may be smaller than we anticipate, which could render them ultimately unprofitable even if commercialized.***

Our estimates of the total addressable markets for our current product candidates are based on a number of internal and third-party estimates, including, without limitation, the size of target customers and the assumed prices at which we can sell the relevant product candidates for markets that have not been established. These assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the total addressable markets for our product candidates may be proved to be incorrect. If the target population who would benefit from our product candidates, the price at which we can sell our product candidates or the total addressable markets for our product candidates is smaller than we have estimated, our sales growth may be impaired.

***Even if we are able to commercialize any products, the pricing of such products may be subject to downward changes, which may have a material adverse effect on our business, financial condition and results of operations.***

We may face downward change in pricing of our products due to increasing market competition, launch of competitive products or evolving regulatory regime which may impose pricing control or other restrictive measures. The ability to balance technological sophistication with cost-effectiveness in our products is pivotal to our business, our customers and end-users. We may not have sufficient bargaining power in negotiating with suppliers, potentially requiring higher-than-anticipated production costs. More competing molecular diagnostics and gene sequencing products may become available, which will offer alternatives for our customers. Any price reductions by our competitors with scaled manufacturing capabilities could force us to lower prices, which may have a material adverse effect on our business, results of operations and financial condition. In addition, as of the Latest Practicable Date, there was no pricing guidance or centralized procurement set by the PRC government on our products. If the PRC government issues price guidance for our products, it may impose downward pressure on our current pricing strategies. Furthermore, our international commercialization strategy will subject us to additional risks in maintaining our products at appealing or competitive prices in the overseas markets. Countries to which we make export sales may take restrictive measures, such as trade tariffs, or anti-dumping duties and other non-tariff barriers, to protect their home markets. Any imposition of tariffs, anti-dumping duties, or other non-tariff barriers in one or more markets could result in additional costs to us and negatively affect our ability to price our products at appealing or competitive rates.

***The business success of our products partially relies on our continuous development and commercialization of our test kits.***

Our test kits comprise biochips, reagents and other essential consumables. We are currently developing test kits for both of our molecular diagnostic products and EL-NGS gene sequencers. Our molecular diagnostic products and EL-NGS gene sequencers are designed to be used either with test kits developed by us, or by third-parties. The successful commercialization of medical devices often depends on the expansion of a supporting application ecosystem, including a diverse range of testing assays. If we fail to continuously broaden application scenarios, enrich our test kit portfolio (whether for clinical use or for RUO), or establish sufficient collaborations for the co-development of such test kits, the utility of our instruments may be significantly constrained, which could in turn hinder their commercialization. Although we believe that our self-developed test kits offer distinct advantages, if we fail to maintain sufficient production, supply or quality control of our test kits, or if third parties develop alternative test kits compatible with our products with less costs or better performance, customers may delay, reduce or cancel purchases of our test kits or our instruments. In addition, any disruption in regulatory approval, manufacturing, supply chain or market acceptance of our test kits could materially and adversely affect our business, financial condition and results of operations.

**Risks Relating to the Manufacturing of Our Product Candidates**

***The manufacture process of our products is highly complex and subject to strict quality controls. Our business could suffer if our products are not produced in compliance with all the applicable quality standards.***

The manufacturing process of our products is highly complex and subject to strict quality controls, partly due to rigorous regulatory requirements. In addition, quality is extremely important due to the serious and costly consequences of a product failure. Problems can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, raw material problems, software problems, or human error. Stability failures and other issues relating to the manufacturing of our products could occur in the future. Disruptions can occur during implementation of new equipment and systems to replace aging equipment, as well as during production line transfers

and expansions. If these problems arise or if we otherwise fail to meet our internal quality standards or those of the NMPA or other applicable regulatory body, our reputation could be damaged, we could become subject to a safety alert or a recall, we could incur product and professional liability and other costs, product approvals could be delayed, and thereby our business could otherwise be adversely affected. In addition, our manufacturing and warehousing facilities, as well as those of our suppliers and logistics partners, could be materially damaged by earthquakes, hurricanes, volcanoes, fires, and other natural disasters or catastrophic circumstances, which could have a material adverse effect on our business.

***If we fail to obtain and maintain requisite licenses, or encounter difficulties in implementing our commercial manufacturing plan to expand capacity or meet the market demand, our business prospects could be materially and adversely affected.***

We manufacture, assemble and test our products mainly at our 4,100 square-meter manufacturing center in Wuxi. To expand our manufacturing capability to capture the growing market demand, we plan to build a new production line for our instruments and test kits, with a total planned capacity of up to approximately 1,000 units of instrument and 100,000 sets of test kits per year. Companies manufacturing medical devices in China are required to obtain permits and licenses issued by various government authorities, including but not limited to the medical device production permit (醫療器械生產許可證) and the medical device operation permit (醫療器械經營許可證) if such manufacturing companies store and sell medical devices in places other than their domiciles and the places of production of medical devices. We have received the medical device production permit for AxiLona EL-100 from Jiangsu MPA in April 2025. Such permits, licenses and certificates are subject to periodic reviews and renewals by the relevant government authorities, and the standards of such reviews and renewals may change from time to time. There can be no assurance that the relevant authorities will approve our applications in the future.

Other than the risks relating to application of requisite licenses and permits, we could also face other risks in implementing our commercial manufacturing plan, including construction delays, failure to adopt new manufacturing techniques, implement effective quality control, recruit a sufficient number of qualified staff to support the increase in production capacity, or engage qualified subcontractors with sufficient manufacturing capacity in a cost-effective manner and on terms acceptable to us. In addition, in the event of any significant increase in market demand, we may not be able to find sufficient external subcontractors to help produce our products, and even if we could engage third parties to produce a portion of our products, we would be exposed to the risks that the third parties may not manufacture products meeting our specifications or in sufficient volumes to meet market demand. In the event of any aforementioned failure, we may not be able to capture the expected growth in demand for our products, which could materially and adversely affect our business prospects. Moreover, our plans to establish and increase our commercial manufacturing capacity require significant capital investment, and the actual costs of our commercial manufacturing plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures.

***We depend on third-party suppliers to supply raw materials to be used in manufacture our products. If these suppliers can no longer provide satisfactory products with high quality to us on commercially reasonable terms, our business, financial condition and results of operations could be adversely affected.***

We purchase raw materials, which primarily include (i) printed circuit board assembly, wafers, pumps, valves, plastic parts, and metal processing components for our products, and (ii) enzymes, probes, primers, conventional chemical reagents, and screw-cap tubes for test kits. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in procuring our major raw materials and had not experienced significant fluctuations in the prices of our supplies.

General economic conditions could adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products in a timely manner or at all. Our third-party suppliers may also encounter difficulties, such as production bottlenecks, technical issues that impact quality or compliance with applicable regulations, and shortages of qualified personnel to manage production processes, which could result in an inability to produce the quantity and quality of raw materials we required in a timely manner, or at all. We cannot guarantee the satisfactory performance of any of our third-party suppliers, and we cannot guarantee that current suppliers have the capacity to meet our future demand, or be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. We are also exposed to the possibility of increased raw material costs, which we may not be able to pass on to customers, and as a result, lower our profitability. In addition, we cannot guarantee that we will be able to detect all quality issues through our quality inspection procedures on the raw materials and components before they are used in our manufacturing process and require our suppliers to maintain high quality standards. Any aforementioned failure could limit our production capabilities and ultimately materially and adversely affect our business operations.Besides, due to the rigorous regulations and requirements of the NMPA and/or foreign regulatory authorities regarding the manufacture of our products (including the need for approval of any change in supply arrangements), we may have difficulty establishing additional or replacement sources in a timely manner or at all if the need arises.

In the event of any aforementioned failure, we may have to delay manufacturing and sales, recall our products, be subject to product liability claims, fail to comply with continuing regulatory requirements and incur significant costs to rectify such issues.

***We mainly rely on our own production facilities for the manufacturing of our products. Any disruptions to the operation of our production facilities could adversely affect our business and results of operations.***

We manufacture, assemble and test our products mainly at our 4,100 square-meter manufacturing center in Wuxi. The facilities may encounter unanticipated expenses due to a number of factors, including regulatory requirements. Our manufacturing facility is designed to be in compliance with GMP requirements of China and applicable regulations in the EU. We are also accredited in accordance with the ISO 13485 quality standard. Our manufacturing facilities will be subject to ongoing, periodic inspection by the NMPA and/or its local counterpart or other comparable regulatory agencies to ensure compliance with relevant laws and regulations. Failure to comply with applicable regulations could also result in sanctions being imposed on us, which could disrupt the operation of our production facilities and have a material adverse impact on our business.

Our facilities may be harmed or rendered inoperable by physical damage from fire, floods, earthquakes, typhoons, tornadoes, power loss, telecommunications failures, break-ins, and similar events. If our manufacturing facilities or the equipment are damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of the facilities or equipment, we might not be able to transfer manufacturing to a third party in a timely manner, or at all. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need regulatory agency approval before selling any products manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization.

Currently, our principal insurance policies cover property and general liability. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for all the expenses or losses we may suffer from disruption to our operations. We may suffer expenses or losses, and may be unable to meet our requirements for our product candidates if there were a catastrophic event or failure of our manufacturing facilities or processes.

***If our experimental facilities fail to comply with applicable experimental license requirements, or become contaminated, damaged, destroyed or inoperable, or we are required to vacate the facility, our ability to operate our business may be jeopardized.***

As of the Latest Practicable Date, we have established four R&D centers across Silicon Valley, Shenzhen, Tianjin, and Wuxi, each equipped with sophisticated experimental facilities to fuel our R&D endeavors. Our experimental facilities are subject to various regulatory requirements, and failure to comply with applicable regulations could result in sanctions being imposed on us, which could have a material adverse impact on our business. Our facilities and equipment could be harmed or rendered inoperable by natural or man-made disasters, including pandemic, pollution, fires, earthquakes, flooding, power outages and other defects, which may render it difficult or impossible to operate for some period of time and result in the loss of customers or harm to our reputation or relationships with scientific or clinical collaborators, and we may be unable to regain those customers or repair our reputation or such relationships in the future. Furthermore, our experimental facilities and the equipment used to perform our research and development work could be costly and time-consuming to repair or replace.

Additionally, a key component of our research and development process involves the collection of biological samples from patients or test subjects for the development of our product candidates. In some cases, these samples are difficult to obtain. If the parts of our experimental facility where we store these biological samples were damaged or compromised, our ability to pursue our research and development projects, operate our business, as well as our reputation, could be materially and adversely affected.

**Risks Relating to Our Intellectual Property Rights**

***If we are unable to obtain and maintain patent protection for our product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us and our ability to successfully commercialize any products and product candidates we develop may be adversely affected.***

The success of our business operation depends in large part on our ability to protect our proprietary technology and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technology and product candidates that we consider commercially important by filing patent applications in China and other jurisdictions, relying on trade secrets or medical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications in a timely manner or at all. Patents may be invalidated and patent applications may not be granted for a number of reasons. We may also fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

We enter into non-disclosure and confidentiality agreements or include such provisions in our relevant agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, consultants, advisors and other third parties. Any of these parties may breach such agreements and disclose such output before a patent application is filed, jeopardizing our ability to seek patent protection.

Furthermore, China has adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under China's first-to-file patent system, we may still risk unknowingly infringing third-party intellectual property rights even after conducting reasonable investigations. This is because competitors could file patent applications during our product development phase without our knowledge, and crucially, patent protection begins from the filing date rather than the grant date. Consequently, if another party files a patent application before us for the same or substantially similar technology, their patent – even if granted later – would take priority over our issued patents or pending applications in terms of validity and applicability.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future are to be issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. In addition, the patent position of medical device companies generally is highly uncertain, and the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications may be co-owned with third parties due to joint development agreements or collaborative research arrangements. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us.

***We may not be able to effectively protect our intellectual property rights in China and overseas.***

Filing, prosecuting, maintaining and defending patents on our product candidates in jurisdictions throughout the world could be prohibitively expensive for us, and our intellectual property rights in some jurisdictions can have a different scope and strength from those in some other jurisdictions. In addition, the laws of certain jurisdictions do not protect intellectual property rights to the same extent as the laws of certain other jurisdictions do. Consequently, we may not be able to prevent third parties from practicing our inventions in all jurisdictions, or from selling or importing medical products made using our inventions in and into certain jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to certain jurisdictions where we have patent protection but where enforcement rights are not as strong as those in certain other jurisdictions. These products may compete with our product candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

As of the Latest Practicable Date, we owned 42 patents and 22 patent applications in China, and 13 patents and 18 patent applications overseas, any of which may be the subject of a governmental or third-party objection, which could prevent the maintenance or issuance of the same.

***We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful and may delay us from developing or commercializing our product candidates.***

Competitors may infringe our intellectual property rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An unfavorable result in any litigation proceeding could put our patents, as well as any patents that may issue in the future

from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation. In addition, we may not be able to prevent misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as we expect.

***If third parties claim that we infringe upon or misappropriate their intellectual property rights, such proceedings could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.***

Our commercial success depends in part on our avoiding infringement of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications globally belonging to third parties that exist in fields in which we are developing our product candidates. We may also be unaware of third-party patents or patent applications, and given the dynamic area in which we operate, additional patents are likely to be issued that relate to aspects of our business. There are a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the medical device industry generally. As the medical device industry expands and more patents are issued, the risk increases that our product candidates may give rise to claims of infringement of the patent rights of others.

Third parties may assert that we are using technology in violation of their patent or other proprietary rights. Defense of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel, or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or [**REDACTED**] perceive these results to be negative, this could have a substantial adverse effect on the market price of our Shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

***Obtaining and maintaining our patent protection depends on compliance with various procedures, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.***

Periodic maintenance fees on any issued patent are due to be paid to the CNIPA and other patent agencies in several stages over the lifetime of the patent. The CNIPA and various governmental patent agencies require compliance with a number of procedures, documentary, fee payment, and other similar provisions during the patent application process. Non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

***Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property in general, thereby impairing our ability to protect our current and any future products.***

Obtaining and enforcing patents in the biotechnological industry involve a high degree of technological and legal complexity. Therefore, obtaining and enforcing biotechnological patents is costly, time consuming and inherently uncertain. In addition, there are periodic proposals for changes to the patent laws in China, the United States and other countries that, if adopted, could impact our ability to enforce our proprietary technology. Changes in either the patent laws or in the interpretations of patent laws in China, the United States and other countries may diminish the value of our intellectual property and may increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. We cannot predict the breadth of claims that may be allowed or enforced in our future patents or in third-party patents.

***Patent terms may not be sufficient to effectively protect our products and business.***

In most countries in which we plan to file applications for patents, the term of an issued patent is generally ten to 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. The life of a patent and the protection it affords are limited. Even if patents covering our product candidates are obtained, we may be open to competition from other companies once our patent rights expire. Furthermore, there is no currently effective law or regulation providing patent term extension in China for medical devices.

As of the Latest Practicable Date, we had been granted 42 patents in China. Our patents have expiration dates ranging from August 2029 to December 2044. We also have 22 patent applications in China, as of the Latest Practicable Date. Upon expiration of our issued patent or patents that may issue from our pending patent application, we will not be able to assert such patent rights against potential competitors and our business, financial condition and results of operation may be adversely affected.

***If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.***

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our product candidates. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements or include such undertakings in the agreement with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, including our senior management, were previously employed at other medical device companies, including our competitors or potential competitors. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. We are not aware of any material threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to

defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

***If our trademarks and trade names are not adequately protected, then we may not be able to build brand recognition in our markets of interest and our business may be adversely affected.***

We currently hold issued trademark registrations and have pending trademark applications, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our product candidates mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources.

***Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.***

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example: others may be able to make products that are similar to any product candidates or any future products we may develop or utilize similar technology that are not covered by the claims of the patents that we own or license now or in the future; we and our current or future collaboration partners might not have been the first to file patent applications covering certain of our or their inventions;others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our owned or licensed intellectual property rights; develop competitive products for sale in our major commercial markets; we may not develop additional proprietary technologies that are patentable; the patents of others may harm our business; and we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

## RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

***We have incurred significant operating losses since our inception and anticipate that we may continue to incur operating losses for the foreseeable future.***

Investment in life science tools development entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. We incurred net losses of US$23.5 million and US$22.3 million in 2024 and 2025, respectively. Substantially all of our operating losses resulted from expenses incurred in connection with our research and development activities and our general business operations.

We may continue to incur losses for the foreseeable future, and the losses may increase as we expand our development of, and seek regulatory approvals for, our product candidates, and commercialize our products. The size of our future net losses will depend, in part, on the number and scale of our product development and the associated costs of our research and development activities, the cost of commercializing any approved products, our ability to generate revenues and the timing and amount of milestones and other payments we make or receive with arrangements with third parties. If any of our product candidates fails in clinical trials or does not gain regulatory approval, or if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

***We had net operating cash outflows during the Track Record Period and we may need to rely on revenue generated from our product candidates once commercialized and additional financing to fund our operations.***

Our operations have consumed substantial amounts of cash since inception. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all, and if we raise finance by issuing further equity securities, your interest in our Company may be diluted. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development activities or future commercialization efforts.

We expect to continue to spend substantial amounts on research and development, advancing the clinical development of our product candidates, and launching and commercializing any product candidates for which we receive regulatory approval. Our existing cash and cash equivalents may not be sufficient to enable us to complete all global development or commercially launch all of our current product candidates for the anticipated uses and to invest in additional research and development activities. Accordingly, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. We cannot assure you that our financial resources will be adequate to support our operations.

***We had net current liabilities and net liabilities during the Track Record Period, which may adversely affect our liquidity.***

We had net current liabilities of US$63.0 million and US$83.9 million and net liabilities of US$58.3 million and US$80.1 million as of December 31, 2024 and 2025, respectively, and may have net current liabilities and net liabilities in the future. For details, see "Financial Information." A net current liabilities position may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources including the [**REDACTED**], and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We have incurred and may continue to incur share-based payments. The issuance of share-based payment awards may cause dilution to our existing Shareholders and may affect the market price of our Shares.***

We have granted share options to certain eligible employees in recognition of their contributions to our Company. In 2024 and 2025, we incurred share-based payments of US$1.2 million and US$0.3 million, respectively. To further incentivize our employees and non-employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based compensation may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with

respect to such share-based compensation may also increase our operating expenses and therefore have a negative effect on our financial performance and may affect the market price of our Shares.

***We are exposed to fair value changes of financial liabilities at fair value through profit or loss.***

Our financial liabilities at FVTPL primarily represented the Series A-1 Preferred Shares and Series B Preferred Shares held by our Pre-[**REDACTED**] Investors. We recorded financial liabilities at FVTPL of US$97.8 million and US$104.7 million as of December 31, 2024 and 2025, respectively. As of December 31, 2024 and 2025, we used the back-solve method and discounted cash flows method to determine the underlying value of our Shares, respectively. We also applied the hybrid method to perform an equity allocation to arrive the fair value of the Series A-1 Preferred Shares and Series B Preferred Shares as of December 31, 2024 and 2025. The hybrid method is a hybrid between the probability-weighted expected return method and the option pricing method, which estimates the probability-weighted value across multiple scenarios but using the option pricing method to estimate the allocation of value within one or more of those scenarios. For details, see Note 23 to the Accountants' Report set out in Appendix I to this document. As of December 31, 2024 and 2025, certain of our financial liabilities, namely Series A-1 Preferred Shares and Series B Preferred Shares are measured at fair value which being determined based on significant unobservable inputs using valuation techniques and involving judgements and estimation in establishing the relevant valuation techniques and the relevant inputs thereof. We derecognize financial liabilities only when our obligations are discharged, cancelled or have expired. We cannot assure you that we can recognize fair value gains in the future and we may on the contrary recognize fair value losses, which would affect our results of operations. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such assets and liabilities.

***We may encounter significant hurdles in making investments required to expand the production lines and R&D centers necessary for maintaining regulatory compliance globally.***

Expanding production lines and R&D centers to meet global regulatory standards requires substantial financial and operational investments. These investments may include the construction or renovation of facilities, acquisition of advanced equipment, implementation of quality control systems, and hiring of skilled personnel. Maintaining compliance with the diverse regulatory requirements of different countries and regions, such as those of the FDA in the United States, the EMA in the European Union, and the NMPA in China, is a complex and costly endeavor. Each regulatory authority has its own set of standards and guidelines that must be adhered to, and failure to meet these requirements may result in delays, additional costs, or even the inability to obtain necessary approvals.

Furthermore, the regulatory landscape is subject to change. New regulations, amendments to existing regulations, or shifts in regulatory priorities can occur at any time, potentially rendering previous investments in facilities and R&D centers obsolete or insufficient. This may necessitate further financial outlays to update or modify our production lines and R&D centers to align with the updated regulatory expectations. The uncertainties in regulatory changes may result in delays or additional costs for expanding our production lines and R&D centers.

In addition, the process of expanding production lines and R&D centers involves inherent risks such as construction delays, cost overruns, technical challenges, and difficulties in obtaining required permits and approvals. Any of these issues could disrupt our operations, delay product development and commercialization timelines, and ultimately impact our ability to generate revenue.

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

While we use U.S. dollars as our reporting currency, our operations in the PRC primarily transact and maintain our financial records in RMB. Renminbi has fluctuated against the Hong Kong dollar and U.S. dollar, at times significantly and unpredictably. We have recorded net foreign exchange gains of US$2 thousand in 2024 and net foreign exchange loss of US$2 thousand in 2025. There is no assurance that we will continue to incur foreign exchange gains in the future or our foreign exchange losses will not incur in the future. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in political and economic conditions and by foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the Hong Kong dollar or U.S. dollar in the future.

In addition, the [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to complete filings with and obtain approvals from the SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

## RISKS RELATING TO EXTENSIVE GOVERNMENT REGULATIONS

***If we are not able to obtain, complete or maintain, or experience delays in obtaining, completing or maintaining, required regulatory approvals, permits, registrations or filings, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.***

All material aspects of the research, development and commercialization of our product candidates are heavily regulated. The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

Before obtaining regulatory approvals for the commercial sale of any product candidate, we must demonstrate its effectiveness in well-controlled clinical trials, and, with respect to approval in China, to the satisfaction of the NMPA that the product candidate is safe and effective for the intended use and that the manufacturing facilities, processes and controls are adequate.

Our product candidates could fail to receive regulatory approval for many reasons, including: failure of clinical trial results to meet the level of statistical significance required for approval or failure to conduct a clinical trial in accordance with regulatory requirements or clinical trial protocols; changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval or require us to amend our clinical trial protocols; and/or regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our product candidates or other products.

Changes in regulatory requirements and guidance may also occur, and we may, among other things, need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes, which may impact the costs, timing or successful completion of a clinical trial.

In particular, as we seek to expand the indications and applications of AxiLona EL-100 in China, the EU and the U.S., regulatory authorities may reclassify the product or adopt more stringent approval procedures. According to the Medical Device Product Classification Determination Notice issued by the NMPA, our AxiLona EL-100, which features nucleic acid detection capabilities, has been classified as a Class II medical device. We have already obtained the corresponding Class II medical device registration certificate. We anticipate that AxiLona EL-100 will remain classified as Class II, based on its intended use, references to existing market products, and consultations conducted by our PRC Legal Advisors with Jiangsu MPA in April 2025. In the European Union, we have secured the relevant certification for AxiLona EL-100 under the *In Vitro* Diagnostic Regulation (IVDR), which is classified as a Class A in vitro diagnostic medical device. We do not plan to pursue clinical registration for dual nucleic acid and protein detection functionalities in the European Union in the near term. Consequently, we do not anticipate any reclassification in the European Union, as long as no significant changes occur in the regulatory framework. In the U.S., we plan to pursue a 510(k) submission for AxiLona EL-100, which applies when there exists a predicate medical device legally marketed in the United States to which the device under review is substantially equivalent. A determination of substantial equivalence under the 510(k) framework does not address the novelty of the device and does not preclude the device from incorporating innovative features. If the FDA determines that a device is substantially equivalent to a predicate device in the market, it will grant 510(k) clearance, thereby permitting the manufacturer to commercially market the device. We are working with a CRO on the initial preparation of materials related to 510(k) requirements and have preliminarily identified a potential predicate device that could establish substantial equivalence, which has also undergone a clinical trial. In the absence of such substantial equivalence to a predicate device, the FDA may direct the applicant to pursue the *De Novo* classification pathway. Specifically, according to FDA guidance, a *De Novo* request may be submitted following receipt of a "not substantially equivalent" determination by the FDA during the 510(k) process, which would result in *De Novo* review and require submission of materials beyond those typically required for 510(k) clearance. While device manufacturers may elect to submit a *De Novo* classification request directly without first filing a 510(k) premarket notification and receiving a not-substantially-equivalent determination, we have not pursued this more burdensome pathway as we have preliminarily identified a potential predicate device that could establish substantial equivalence. We, in collaboration with its contract research organization, have been preparing the requisite documentation and has demonstrated the feasibility of the 510(k) pathway, resulting in a well-substantiated regulatory strategy. Given the characteristics of AxiLona EL-100 and its planned regulatory pathway, we anticipate that the FDA is less likely to reclassify it as Class III or impose more stringent regulatory requirements. However, potential changes in applicable laws and regulations or unanticipated actions by regulatory authorities could result in reclassification of our product or the imposition of more rigorous approval procedures.

In addition, the United States government's attitude towards Chinese service providers in pharmaceutical and biotechnology industries may directly or indirectly affect our business operations. On May 10, 2024, members of the U.S. House of Representatives proposed pending legislation, namely the BIOSECURE Act (the "**Act**"). The BIOSECURE Act has recently been included in the National Defense Authorization Act for Fiscal Year 2026 (the "**NDAA**"), and on December 18, 2025, the NDAA containing the BIOSECURE Act was enacted into law in the U.S. According to its enacted form, the Act prohibits U.S. federal executive agencies from: (1) procuring or obtaining any biotechnology equipment or service produced or provided by a "biotechnology company of concern", (2) entering into or renewing a contract with an entity that uses such biotechnology equipment or enters into a contract requiring the use of such biotechnology equipment after the applicable effective date of the prohibition, or (3) providing loan or grant funds to perform either of these functions.

Under the Act, it could prohibit the U.S. government and recipients of federal funds from entering into contracts with us or with our customers if, in performing customer contracts, we supply equipment or services provided by a "biotechnology company of concern" under the Act. For example, such a law, could apply to some of the biotechnology equipment and services provided or produced we procure. As a result, continued use of these

biotechnology equipment and services provided or produced could affect not only our ability to enter into contracts with the U.S. government, but also our customers' ability to enter into contracts with, obtain loans or grants from, or participate in other assistance or joint research and development opportunities with the U.S. government.

Consequently, we may need to re-evaluate or adjust our established supply chains. The need to re-evaluate our supply chain contracts may impose additional costs and operational complexities on our business, including, among other things, an examination and potential modification to existing personnel and expertise, and examination of our existing contracts, and a re-assessment of our current suppliers in order to identify possible alternative sources of supply. We may not be able to identify alternative sources of supply with competitive prices and terms and satisfactory quality in a timely manner, and any disruption to our established supply chains may lead to delays in procurement, production, and delivery, all of which could have a material adverse effect to our business, financial condition and results of operation. Although the BIOSECURE Act has been enacted, its detailed scope, application and implementation remain subject to further regulatory processes, such as the designation of "biotechnology companies of concern." Any updates or further implementation, if material, may adversely affect our business, financial condition and results of operation. We will closely monitor any updates, further application and implementation to the Act.

Moreover, the FDA, CDC or NIH may from time to time experience delays or inefficiencies in regulatory communications, review and evaluation processes. Such delays or inefficiencies may affect the timing of regulatory interactions, reviews and approvals of our products in the United States.

***All material aspects of the research, development and commercialization of our products are heavily regulated. Any failure to comply with relevant laws and regulations may adversely affect our business, financial condition, results of operations and prospects.***

All jurisdictions in which we intend to develop and commercialize our product candidates and conduct other biotechnology-industry activities regulate these activities in great depth and detail. Major markets in the world all strictly regulate the medical device industry, and in doing so they employ broadly similar regulatory strategies, including regulation of the development and approval, manufacturing, marketing, sales and distribution of medical device products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in these regions. Our or our collaboration partners' failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. This could harm our business, reputation, prospects for future work and results of operations.

The process of obtaining regulatory approvals and maintaining compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. For example, the United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, legislations or other government means, implemented measures that impose economic sanctions against certain countries, regions or targeted industry sectors, group of companies or persons, and/or organizations within such countries. Failure to comply with the applicable requirements at any time during the product development process or approval process, or after approval, may subject an applicant to administrative or judicial sanctions. On March 29, 2024, members of the U.S. House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party submitted a letter (the "Letter") to the U.S. Department of Defense, proposing the inclusion of certain biotechnology companies, including us, in the List of Entities Identified as Chinese Military Companies Operating in the United States in Accordance with Section 1260H of the National Defense Authorization Act for Fiscal Year 2021 (the "1260H CMC List"). After gaining knowledge of this event, we promptly initiated an internal review and risk assessment to evaluate potential implications for our operations. We also communicated with the U.S. Department of Defense

through written correspondence. In May 2024, the U.S. Department of Defense confirmed that we were not included in the published 1260H CMC List. The subsequent 1260H CMC List published on January 7, 2025 did not include us. Therefore, it did not have any material adverse impact on our business operations. As of the Latest Practicable Date, we were not included in the 1260H CMC List and there have been no further consultations or communications with the U.S. Department of Defense following its confirmation in May 2024.

Moreover, the regulatory framework regarding the medical device industry is continuing to develop, such as a relaxation in regulatory requirements or the introduction of simplified approval procedures which would lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements. Any such amendments may result in increased compliance difficulty and costs or cause delays in, or prevent the successful development or commercialization of, our product candidates and reduce the current benefits we believe are available to us from developing and manufacturing our product candidates.

***We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and we may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials and other personal or sensitive information.***

We routinely obtain and manage clinical trial related-data through clinical research organizations, who apply de-identification methods such as coding and replacing full names with initials before transmitting these data to us. As such, we are subject to the relevant local, state, national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. Failure to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officers and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Our security policies and measures to protect our proprietary data and subjects' privacy may not be able to avoid privacy leakage incidents due to hacking activities, human error, employee misconduct or negligence or system breakdown.

Noncompliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other personal data, could have a material adverse effect on our business, financial condition and results of operations.

***Even after we obtain regulatory approval for the marketing and distribution of our product candidates, our products and any future products will continue to be subject to ongoing or additional regulatory obligations and continue to be subject to regulatory review, which may result in significant additional expenses and if we fail to comply with regulatory requirements or encounter unexpected problems with our products andlor future products, we may be subject to penalties.***

Even after we obtain regulatory approval for the marketing and distribution of our product candidates, our approved products will be subject to ongoing regulatory requirements

with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, post market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China and/or other jurisdictions. If our product candidates fail to meet these requirements in respective jurisdictions or if new safety concerns emerge, we may face regulatory actions including re-examination of our approvals, requests for recertification, or mandatory product recalls. These actions could result in additional costs, delays in product sales, damage to our reputation, and adversely impact our business, financial condition, and prospects. Our manufacturing facilities are required to comply with extensive regulatory requirements from the NMPA and/or other comparable authorities.

Following an approval for commercialization of our product candidates, certain changes to the products, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA and/or comparable regulatory authorities. Regulatory approvals for any of our product candidates may also be withdrawn. The NMPA or comparable regulatory authorities may seek to impose a consent decree or withdraw approval if we fail to maintain compliance with these ongoing regulatory requirements or if problems occur after the product reaches the market. Later discovery of previously unknown problems with product candidates or with our manufacturing processes may result in revisions to the approved labeling or requirements to add new safety information; imposition of clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions.

The NMPA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of medical products and services placed on the market. Our product candidates may be promoted only for their approved use in accordance with the provisions of the approved label. The NMPA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. The policies of the NMPA and other regulatory authorities may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates.

***We are subject to registration, review and other requirements of the regulatory authorities for cross-border sales or licensing of technology as well as operations related to genetics and data safety.***

China has adopted management and administration measures of the import and export of technology and software products. Under the Regulations on Administration of Imports and Exports of Technologies (《技術進出口管理條例》) promulgated by the State Council, which were amended in November 2020, technology import and export is defined to include, among others, the transfer or licensing of patents and know-how, and the provision of services related to technology. Depending on the nature of the relevant technology, the import and export of technology require either approvals by or registration with the relevant PRC governmental authorities. The Measures for the Administration of Registration of Technology Import and Export Contracts (《技術進出口合同登記管理辦法》), issued by the MOFCOM in February 2009, specify registration requirements related to the import and export of technology. On March 17, 2018, the General Office of the State Council promulgated the (《科學數據管理辦法 Measures for the Management of Scientific Data》) (the "**Scientific Data Measures**"), which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret or individual privacy may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal.

We may in the future enter into agreements with CROs in the United States for their technical support to assist us with the development of our product candidates, which may be deemed to constitute the import of technology under the regulations. As a result, such transfers are required to be registered with applicable PRC governmental authorities. We are also subject to regulatory supervision over genetics and data-related operations. To carry out clinical trials, as a foreign-invested enterprise, we may be required, as applicable, to obtain approval from the Office of Human Genetic Resources Management under the Ministry of Science and Technology (科學技術部人類遺傳資源管理辦公室) who will conduct genetics and data safety review. See "Regulatory Overview — Relevant Laws and Regulations in the PRC — Regulation of Human Genetic Resources" for details. There can be no assurance that we will be able to obtain such approval in a timely manner, or at all. In addition, we may also be subject to similar requirements of overseas regulatory authorities.

***We and our third-party collaborators may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions.***

Healthcare providers, physicians and others play a primary role in the recommendation of any products candidates for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in the jurisdictions we operate. These laws may impact, among other things, our proposed sales and marketing programs. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with governments. There is no definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focused on enforcing these laws, and some of our practices may be challenged under these laws. Governmental authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations.

## RISKS RELATING TO OUR OPERATIONS

***We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.***

We started our journey as a biotechnological company founded in 2016. Our operations to date have focused on raising capital, establishing our intellectual property portfolio, product development and conducting pre-clinical studies and clinical trials of our product candidates. For these reasons, particularly in light of the rapidly evolving biotechnology industry, it may make it difficult to evaluate our current business and reliably predict our future performance. There is inherent risk in using our historical financial information to project or estimate our financial performance in the future, as it only reflects our past performance under particular conditions. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors in our general business operations, the research and development of product candidates or the commercialization of our approved product. In addition, our financial and operating results may not meet the expectations of public market analysts, which could cause the future price of the shares to decline.

***Our future success depends on our ability to retain key executives and to attract, hire, retain and motivate other qualified and highly skilled personnel.***

Our future success is dependent on our ability to attract a significant number of qualified employees and retain existing key employees. We are highly dependent on the continued contributions of our founders and other senior management, as well as other key clinical and scientific personnel. The loss of the services of any of our executive officers or other key employees could materially harm our business. Competition for qualified employees in the biotechnology industry is intense and the pool of qualified candidates is limited. Our need to significantly increase the number of our qualified employees and retain key employees may cause us to materially increase compensation-related costs, including share-based compensation. Despite an increase in staff costs, we may still not be able to retain the services of experienced senior management or key clinical and scientific personnel in the future. The departure of one or more of our key employees may disrupt our product development progress and have a material and adverse effect on our business, financial condition, results of operations and prospects. In addition, our senior management team has limited experience in running public companies, which will require us to expend additional resources in hiring additional support staff and incur additional costs and expenses.

***We may encounter difficulties in successfully managing our growth and expanding our operations.***

We are a rapidly growing company working on an expanding pipeline of product candidates for molecular diagnostics and gene sequencing. Our future financial performance and our ability to commercialize our product candidates will depend, in part, on our ability to effectively manage our growth. We might not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational inefficiencies, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and other third parties as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our product candidates and, accordingly, may not achieve our research, development and commercialization goals. Our failure to do so could materially and adversely affect our business, financial condition, results of operations and prospects.

***Changes in U.S. and international trade policies, particularly with regard to China, may cause disruptions to our clinical development, manufacturing processes and other aspects of our business and operations.***

The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters. As of the Latest Practicable Date, the United States imposed cumulative tariffs of up to 245% on certain goods imported from China, while China imposed retaliatory tariffs of up to 125% on goods imported from the United States. In addition, the United States has expanded export control restrictions under the Export Administration Regulations (the "**EAR**") administered by the Bureau of Industry and Security, which include the designation of entities on the "Entity List." Entities placed on the Entity List are generally subject to prohibitions on the export, re-export, or transfer of items regulated under the EAR without specific licenses. These trade restrictions and export control measures have been evolving rapidly, and it remains uncertain whether new or more expansive tariffs, sanctions, or restrictions will be imposed or whether existing measures will be further expanded.

Such restrictions, sanctions and tariffs may materially and adversely affect our business, financial condition and results of operations. These measures could affect the ability of our customers, suppliers or research partners to acquire or use technologies, systems, products or materials critical to their operations, disrupt our research and development, clinical or manufacturing processes, increase our costs of production or logistics, or limit our ability to engage in transactions with certain counterparties or obtain and maintain the necessary licenses and approvals in relation to such transactions. It is also unknown whether new tariffs will be imposed by the U.S. or other governments, or whether new laws and regulations will be enacted, or the effect that any such actions would have on us or our industry. Any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the import or export of raw materials and disrupt our product development and the manufacturing of our product candidates. Such unfavorable policies may also negatively impact the hiring of scientists and other research and development personnel, the demand for and competitiveness of our products, or prevent us from selling our products in certain countries. If any new tariffs, policies, legislation and/or regulations are announced or implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition, results of operations and prospects.

***We may be exposed to potential product liability claims if our products contain significant defects, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.***

Some of our existing or future product candidates may be classified as Class II or Class III medical devices. Such classifications denote medical devices with significant clinical implications that require a high level of supervision to ensure safety and effectiveness. We may be subject to product liability claims if our products have quality issues. Any such product liability claims may include allegations of defects in design, component failure, inaccurate diagnosis, a failure to warn of dangers inherent in the medical device product, negligence or strict liability. Further, we cannot ensure that doctors will strictly and accurately follow our instructions on the proper usage of our product candidates. If our product candidates are used incorrectly by doctors, quality issues, incorrect diagnosis and injury may result, which could require review and corrective action by us or even give rise to product liability claims against us. Any serious failures or defects could cause us to withdraw or recall products, and subject us to product liabilities, which may damage our brand name and may have a material adverse effect on our business, financial condition, results of operations and prospects. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material customer complaint or product return or exchange from customers.

***Our future investments, acquisitions or strategic partnerships may have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.***

From time to time, we may evaluate various investments, acquisitions, joint ventures and strategic partnerships, including licensing or acquiring product products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including: increased operating expenses and cash requirements; the assumption of additional indebtedness or contingent or unforeseen liabilities; assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel; the loss of key employees and personnel, and uncertainties in our ability to maintain key business relationships; risks and uncertainties associated with the other party to such a transaction; and our inability to generate revenue from acquired technology or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

We may not be able to identify attractive targets, and we have limited experience in acquisitions. In addition, we may not be able to successfully acquire the targets identified despite spending a significant amount of time and resources on pursuing such acquisition. Furthermore, integration of an acquired company, its intellectual property or technology into our own operations is a complex, time-consuming and expensive process. The geographic

distance between companies, the complexity of the technologies and operations being integrated, and the disparate corporate cultures being combined may increase the difficulties of integrating an acquired company or technology. In addition, it is common in our industry for competitors to attract customers and recruit key employees away from companies during the integration phase of an acquisition. For investments over which we do not obtain management and operational control, we may lack influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investments.

***The workflow of our molecular diagnostic products and EL-NGS gene sequencers is complex and involves multiple steps, some of which are subject to human errors and other factors that beyond our control.***

The workflow of our molecular diagnostic products and EL-NGS gene sequencers is complex and involves multiple steps. For example, the workflow of AxiLona EL-100 includes chip fabrication, sample preparation, hybridization, and signal detection and analysis, as well as other upstream and downstream processes. Some of these processes, such as the sample preparation step, involve extensive human participation, and are thus subject to human errors, which could compromise the analytical performance of our products. Specifically, the system's reliance on manual processing may lead to variability in results, longer-than-expected or inconsistent turnaround times, and increased training requirements for end-users. Furthermore, the complexity of our current non-integrated workflow and the technical hurdles associated with it may present challenges to future product enhancements, such as the development of integrated nucleic acid and protein co-detection assays, which could limit our ability to compete with platforms that offer more advanced or streamlined features.

Although we maintain stringent quality control over our products, we cannot assure you that the risk of human errors, inconsistent performance due to the manual workflow, or other risks beyond our control can be eliminated given the complex nature of the workflow and the extensive level of human participation in the entire cycle. These factors could negatively impact the perceived reliability and competitive strength of our products, potentially leading to slower-than-anticipated market adoption, which could materially and adversely affect our business, financial condition, and results of operations.

***We, our senior management or Directors may be involved in claims, disputes, litigation, arbitration or other legal proceedings, or may be subject to governmental investigations or administrative proceedings, which could adversely affect our business, financial condition, results of operations and reputation.***

From time to time, we, our senior management or Directors may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects.

***We may be subject to legal and financial liability if we fail to comply with software licensing requirements.***

Our business operations depend on the use of various third-party software for research and development, data analysis, operational management, and administrative functions. The licences governing the use of such software are often complex and contain specific restrictions on the scope of use, number of users, and deployment environment. We have implemented internal control policies and procedures to govern the procurement, installation, use, and monitoring of authorized software. These controls are designed to prevent the installation or use of unauthorized software and to ensure our usage remains within the terms of our existing licences.

Despite these measures, we cannot guarantee that our internal controls will be effective in all instances to prevent the inadvertent or intentional use of unlicensed or improperly licensed software by our employees. Any failure to maintain sufficient licences for our software or to comply with the terms of our licensing agreements could expose us to legal action from software vendors, which may include claims for damages, injunctions against our use of the software, and liability for legal costs. Furthermore, any such non-compliance could result in reputational damage and operational disruption if we are required to cease using critical software. Although our PRC Legal Advisor are of the view that we had complied with applicable PRC laws and regulations regarding the installation and use of software in all material respects up to the Latest Practicable Date, any future non-compliance could have a material adverse effect on our business, financial condition, and results of operations.

***We may be subject to disasters, health epidemics, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition, results of operations and prospects.***

Natural disasters, acts of war, terrorism or other force majeure events beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the jurisdictions where we conduct our business. Our operations, and those of our collaboration partners, suppliers and other third parties, may be under the threat of natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, force majeure events such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or potential wars or terrorist attacks. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments could materially disrupt our business and operations. For example, for several years since the end of December 2019, the outbreaks of a novel strain of coronavirus COVID-19 have materially and adversely affected the global economy. Many countries and regions had been affected by the COVID-19 outbreaks.

There also could occur serious natural disasters, which may result in loss of lives, injury, destruction of assets and disruption of our business and operations or the operations of the third parties we cooperated. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, disaster, epidemics, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our product candidates. Acts of war or terrorism may also injure our employees, disrupt our business network and destroy our markets. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition, results of operations and prospects.

***If we or our business partners fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.***

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. We do not operate in a highly polluting industry, but the manufacturing process of our instruments, test kits and product candidates for clinical trials and research involves the use of hazardous chemicals, flammable and toxic materials, and may exhaust gas and generate wastewater, solid waste, and other hazardous waste. We may contract with third parties for the disposal of these materials and wastes. In the event of such contamination or injury, we could be held liable for any resulting damages, and such liabilities could exceed our resources. We could also incur significant costs associated with civil or criminal fines and penalties. In addition, we may incur substantial costs to ensure compliance with current or future environmental, health and safety laws and regulations.

These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

***We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or other third parties. If we or our third-party collaborators fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses.***

We are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Moreover, we are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"). The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. There is no assurance that policies or procedures to ensure the compliance with anti-bribery laws will prevent our agents, employees and intermediaries from engaging in bribery activities. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. We may be unable to prevent, detect or deter all such instances of misconduct.

***Our business significantly depends on our reputation, and any negative publicity on us or failure to maintain and enhance our recognition and reputation may materially and adversely affect our business, financial condition, results of operations and prospects.***

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. We may not be successful in continuing to promote our brands to remain competitive. Moreover, it may become increasingly difficult for us to effectively manage our brand reputation when we engage various third parties, such as contract sales organizations, to expand our commercialization network and increase market access for our product candidates, as we have relatively limited control over these third parties.

Our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate, such as any negative media publicity about the biotechnology industry in general, including issues and allegations solely involving other companies in the industry. We, our Shareholders, Directors, officers, employees, collaboration partners, suppliers, or other third parties we cooperate with or rely on may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our Shareholders, Directors, officers, employees, collaboration partners, suppliers or other third parties we work with or rely on were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. Any negative publicity, including disputes concerning our Shareholders, Directors, officers, employees, collaboration partners, suppliers, or other third parties we cooperate with or rely on, even if untrue, could adversely affect our reputation and prospects. If we are unable to maintain a good reputation, our ability to attract and retain key employees and business partners could be harmed which, in turn, may materially and adversely affect our business, financial condition, results of operations and prospects.

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

We maintain insurance policies that are required under the PRC laws and regulations and that we believe are in line with market practice and adequate for our business to safeguard against risks and unexpected events. Our principal insurance policies cover property and general liability. However, our insurance coverage may be insufficient to cover any claims that we may have. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our product development and overall operations.

## RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE MAINLY OPERATE

***We are subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with overseas* [REDACTED] *and future capital* [REDACTED] *activities, including this* [REDACTED].**

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Trial Measures for Overseas Listing, which have become effective on March 31, 2023. See "Regulatory Overview — Relevant Laws and Regulations in the PRC — Regulations relating to Merger and Acquisition of Domestic Enterprises by Foreign Investors and Overseas Listing" for details. We will file with CSRC within a specific time limit as required by the Trial Measures for Overseas Listing. However, we cannot assure you that we could complete such filing in a timely manner or at all, the failure of which may restrict our ability to complete the proposed [**REDACTED**] and have a material and adverse effect on our financial performance and business prospects.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that additional approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all.

***Changes in economic, social conditions and policies in the jurisdictions where we operate may impact our business, financial condition, results of operations and prospects.***

During the Track Record Period, we mainly conduct our business operations in China and the U.S. Accordingly, our future prospects, business, results of operations, and financial condition are, to a material extent, subject to economic, political and legal developments in the jurisdictions where we operate. If the macroeconomic condition in these jurisdictions experiences significant adverse changes, demand for our products and our ability to maintain our operations may suffer. Moreover, if foreign governments implement laws or regulations restricting investment in Chinese entities and we are deemed to be subject to such restrictions, the [**REDACTED**] and transactions in our Shares, our business prospects, financial condition, results of operations, and future capital raising activities may be adversely affected.

***You may have difficulties in effecting service of legal process or enforcing foreign judgments against us, our Directors and our senior management.***

Most of our assets are located in the PRC. In addition, most of our Directors and senior management reside in the PRC. As a result, it may be difficult and time-consuming to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC may be difficult.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region of the PRC signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"). Under the Arrangement, a party with an enforceable final court judgment rendered by any designated People's Court of mainland China or any designated Hong Kong Court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant People's Court of mainland China or Hong Kong Court. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for you to effect service of process against us in order to seek recognition and enforcement of foreign judgments in mainland China. On January 18, 2019, the Supreme People's Court of the PRC and the Government of Hong Kong Special Administrative Region of the PRC entered into an agreement regarding the scope of judgments which may be enforced between mainland China and Hong Kong (《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》) (the "New Arrangement"). The New Arrangement broadens the scope of judgments that may be enforced between mainland China and Hong Kong under the Arrangement. The New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement became effective on January 29, 2024, both in mainland China and in Hong Kong and replaced the Arrangement. Under the New Arrangement, any party concerned may apply to the relevant court of mainland China or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has become effective, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a mainland China court.

***If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC Shareholders.***

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside 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 SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("SAT Circular 82") on April 22, 2009, and most recently amended on December 29, 2017. SAT Circular 82 provides certain specific criteria for determining whether the "de facto management body" of an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC

enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books, and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. We believe our Company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that our Company or any of our offshore subsidiaries is a PRC resident enterprise for enterprise income tax purposes, our Company or the relevant offshore subsidiaries will be subject to PRC enterprise income on its worldwide income at the rate of 25%. Furthermore, if we are treated as a PRC tax resident enterprise, we will be required to withhold a 10% tax from dividends we pay to our Shareholders that are non-resident enterprises. In addition, non-resident enterprise Shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of Shares, if such gain is treated as derived from a PRC source. Furthermore, if we are deemed to be a PRC resident enterprise, dividends paid to our non-PRC individual Shareholders and any gain realized on the transfer of Shares by such Shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether our non-PRC Shareholders would, in practice, be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [**REDACTED**] in our Shares.

***Laws and regulations over currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your Shares.***

Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but requires approval from or registration with appropriate government authorities or designated banks under the "capital account," which includes foreign direct investment and loans. Currently, our PRC subsidiaries, that are foreign invested enterprises, may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Any insufficiency of foreign exchange may restrict our ability to pay dividends to our Shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans.

***PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the* [REDACTED] *of the* [REDACTED] *to make loans or additional capital contributions to our PRC subsidiaries.***

We are an offshore holding company conducting our operations mainly in China through our PRC subsidiaries. If we are to make available any of our offshore funds to our PRC subsidiaries, we may (i) make loans to our PRC subsidiaries, subject to the approval from governmental authorities and limitation of amount, or (ii) make additional capital contributions to our PRC subsidiaries in China. Any loans to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities investments other than banks' principal-protected products unless otherwise permitted by relevant laws and regulations; (iii) the granting of loans to non-affiliated

enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed, including making the [**REDACTED**] available to our PRC subsidiaries in accordance with our intended usage disclosed in "Future Plans and Use of [**REDACTED**]."

***We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business or financial condition.***

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including for services of any debt we may incur.

Our PRC subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Separately, in recent years, the PBOC and SAFE have implemented a series of capital control measures, including stricter vetting procedures for PRC-based companies to remit foreign currency for dividend payments. See "— Laws and regulations over currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your Shares." Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. Pursuant to the tax agreement between mainland China and the Hong Kong Special Administrative Region of the PRC, the withholding tax rate with respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise (i) directly holds at least 25% of the PRC enterprise, (ii) is a tax resident in Hong Kong and (iii) could be recognized as a beneficial owner of the dividend from PRC tax perspective. Under the Notice of the State Administration of Taxation on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》) ("SAT Circular 81"), promulgated and took effect on February 20, 2009 by the SAT, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Pursuant to the Announcement of the SAT on Issuing the Measures for the Administration of Treaty Benefits for Nonresident Taxpayers (《國家税務總局關於發佈〈非居民納税人享受協定待遇管理辦法〉的公告》), published in October 2019 and effective in January 2020, nonresident enterprises are not required to obtain

pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, our Hong Kong subsidiary may be able to benefit from the 5% withholding tax rate for the dividends it receives from our PRC subsidiaries, if it satisfies the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future. Accordingly, there is no assurance that the reduced 5% will apply to dividends received by our Hong Kong subsidiary from our PRC subsidiaries. This withholding tax will reduce the amount of dividends we may receive from our PRC subsidiaries.

***Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees (i) who are PRC citizens or who reside in the PRC for a continuous period of not less than one year, and (ii) who have been or will be granted incentive shares or options, are or will be subject to these regulations. Failure to complete the SAFE registrations may subject us and them to fines and legal sanctions, and there may be additional restrictions on their ability to exercise their stock options or remit proceeds gained from the sale of their stock into the PRC. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our Directors, executive officers and employees. See "Regulatory Overview — Relevant Laws and Regulations in the PRC — Regulation of Foreign Exchange and Dividend Distribution."

***Failure to comply with the PRC regulations regarding contribution of social insurance premium or housing provident fund may subject us to fines and other legal or administrative sanctions.***

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the employee's actual salary level of previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities. During the Track Record Period, we did not pay social insurance and housing provident fund in full for some of our employees based on their actual salary level. We have made full provisions in respect of the outstanding amount of the social insurance fund and housing provident fund contributions. In 2024 and 2025, our shortfall of contribution to social insurance and housing provident funds amounted to US$524.0 thousand and US$506.0 thousand, respectively. We may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand the employers failing to perform the aforesaid obligations to pay the outstanding social insurance contributions within a

stipulated timeframe and such employers may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If employers fail to make such payments, they may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a stipulated timeframe. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《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)》) enacted by the Supreme People's Court on July 31, 2025 and implemented on September 1, 2025, where an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the employment contract and for the employer to pay economic compensation, the people's court shall support such requests in accordance with the law. Where an employer, after making up the social insurance contributions in accordance with the law under the circumstances stipulated in the preceding paragraph, requests the employee to return the social insurance compensation already paid, the people's court shall support such request in accordance with the law. If laws and regulations regarding social insurance and housing provident fund change in the future and if we fail to comply in a timely manner, we could be subject to penalties or other risks. In addition, although no employee has raised any disputes with us in relation to social insurance or housing provident fund matters as of the Latest Practicable Date, we cannot assure you that such claims or disputes will not arise in the future, which may adversely affect our results of operations and financial condition.

***Two lease agreements of our leased properties has not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.***

We have leased certain properties in China. Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we have two lease agreements that had not been registered. Although failure to register does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease agreement, at the discretion of the relevant authority. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreement. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future.

## RISKS RELATING TO THE [REDACTED]

***There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.***

Prior to the completion of the [**REDACTED**], there has been no public market for our Shares. There can be no guarantee that an active [**REDACTED**] market for our Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our Shares will be traded following the completion of the [**REDACTED**]. The market price of our Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

***The market price and* [REDACTED] *volume of our Shares may be volatile, which could result in substantial losses for* [REDACTED] *who purchase our Shares in the* [REDACTED].**

The market price and [**REDACTED**] volume of our Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market price and trading volume of other companies with business operations located mainly in mainland China that have listed their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] volumes for our Shares. A number of mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The market price and trading volume of shares of some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall [**REDACTED**] sentiment toward mainland China-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our Shares. These factors may significantly affect the market price and [**REDACTED**] volume of our Shares, regardless of our actual operating performance.

***Future sales or perceived sales of our Shares in the public market by major Shareholders following the* [REDACTED] *could materially and adversely affect the price of our Shares.***

The market price of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

***Potential* [REDACTED] *will experience immediate and substantial dilution as a result of the* [REDACTED] *and will experience further dilution if we issue additional Shares or other equity securities in the future.***

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. To expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

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

We currently intend to retain most, if not all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our product candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an [**REDACTED**] in our Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the Shares. You may not realize a return on your [**REDACTED**] in our Shares and you may even lose your entire [**REDACTED**] in our Shares.

***We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official government sources or other publicly available sources, representing the information and statistics from official government sources that have not been independently verified, contained in this document.***

Certain facts, forecasts and statistics in this document relating to the PRC, the PRC economy and biotechnology industry in China are obtained from various sources including official government publications that we believe are reliable. We believe that the information originated from appropriate sources and was extracted and reproduced after taking reasonable care. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading.

However, we cannot guarantee either the quality or reliability of such source materials. Neither we, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**] nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC economy and the healthcare industry in China may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made.

Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurances that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

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

This document contains certain future plans and forward-looking statements about us that are made based on the information currently available to our management. The forward-looking information contained in this document is subject to certain risk and uncertainties. Whether we implement those plans, or whether we can achieve the objectives described in this document, will depend on various factors including the market conditions, our business prospects, actions by our competitors and the global financial situations.

***You should read this entire document carefully and should not consider or rely on any particular statements in published media reports without carefully considering the risks and other information contained in this document.***

Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in making your [**REDACTED**] decision regarding our Shares. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.

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

## MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The headquarters, senior management and business operations of our Group are primarily based, managed and conducted outside Hong Kong. As our executive Directors and senior management play very important roles in our business operations, we consider that it is in the best interest of our Company for them to be based in the place where our Group has significant operations. As such, our Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 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 requirement under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) we have appointed Dr. Tian and Ms. Ingrid Pui Kiu Wong (黃沛翹) ("**Ms. Wong**"), our joint company secretary, as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. Our authorized representatives will act as our principal channel of communication with the Stock Exchange. They will be readily contactable by phone, email, and/or facsimile 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, our authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives. We have provided the Stock Exchange with the contact details of all Directors to facilitate communication with the Stock Exchange;

(c) 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 request of the Stock Exchange; and

(d) we have appointed SPDB International Capital Limited as our Compliance Advisor upon the [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Advisor will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication with the Stock Exchange when our authorized representatives are not available.

## APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary of an issuer must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules further 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 sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

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

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

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

(d) professional qualifications in other jurisdictions.

All our Directors and senior management who are familiar with our activities and have extensive experience in board and corporate management matters presently do not possess any of the qualifications under Rule 3.28 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules.

We propose to appoint Ms. Yu Zhang (張瑜) ("**Ms. Zhang**") and Ms. Wong as our joint company secretaries. Although Ms. Zhang does not possess the qualifications under Rule 3.28 of the Listing Rules, we would like to appoint her as a joint company secretary due to her experience in board affairs and investor relations, as well as her familiarity with our business operations and internal management.

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 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Zhang as our joint company secretary. Pursuant to paragraphs 13 and 15 of Chapter 3.10 of the Guide, the waiver will be for a three-year period from the [**REDACTED**] (the "**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules (the "**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period, and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Ms. Wong, an associate of The Hong Kong Chartered Governance Institute, who is a Qualified Person, as a joint company secretary to provide assistance to Ms. Zhang during the Waiver Period so as to enable Ms. Zhang to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge her duties. Given Ms. Wong's professional qualifications and experience, she will be able to explain to both Ms. Zhang and our Company the relevant requirements under the Listing Rules. Ms. Wong will also assist Ms. Zhang in organizing Board meetings and Shareholders' meetings as well as other matters which are incidental to the duties of a company secretary. She is expected to work closely with Ms. Zhang, and will maintain regular contact with Ms. Zhang, our Directors and senior management. In addition, Ms. Zhang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the Waiver Period. Ms. Zhang will also be assisted by

(i) the Compliance Advisor, particularly in relation to compliance with the Listing Rules, and (ii) the Hong Kong legal advisor of our Company on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations. The waiver will be revoked with immediate effect if Ms. Wong ceases to provide assistance to Ms. Zhang during the Waiver Period or there are material breaches of the Listing Rules by our Company. If Ms. Wong ceases to be a joint company secretary before the end of the Waiver Period, our Company will seek another waiver from the Stock Exchange in relation to appointing another Qualified Person as a replacement.

We will liaise with the Stock Exchange before the end of the Waiver Period to enable it to assess whether Ms. Zhang, having had the benefit of Ms. Wong's and, if applicable, another Qualified Person's assistance for three years, has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

For further information regarding the qualifications and experience of Ms. Zhang and Ms. Wong, see "Directors and Senior Management."

## FINANCIAL STATEMENTS IN THIS DOCUMENT

Pursuant to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the document must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**Third Schedule**") and set out the reports specified in Part II of the Third Schedule.

Pursuant to paragraph 27 of Part I of the Third Schedule, the document must specify a statement as to the gross trading income or sales turnover (as may be appropriate) of the company during each of the three financial years immediately preceding the issue of the document including an explanation of the method used for the computation of such income or turnover, and a reasonable breakdown between the more important trading activities.

Pursuant to paragraph 31 of Part II of the Third Schedule, the document must set out a report by the auditors of the company with respect to (i) profits and losses of the company for each of three financial years immediately preceding the issue of the document, and (ii) assets and liabilities of the company at the last date of each of the three financial years immediately preceding the issue of the document.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of those requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

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

Pursuant to Rule 18A.06 of the Listing Rules, a biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead reference to "two financial years" or "two years," as the case may be.

Accordingly, we have applied to the SFC for an exemption from strict compliance with the requirements under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule on the following grounds:

(a) our Company is a frontrunner in integrated circuit biotechnology, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(b) the Accountants' Report for the two years ended December 31, 2024 and 2025 has been disclosed in this document and set out in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules;

(c) notwithstanding that the financial results set out in this document are only for the two years ended December 31, 2024 and 2025 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements;

(d) as Chapter 18A of the Listing Rules provides a track record period of two years for biotech companies in terms of financial disclosure, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule would be unduly burdensome for our Company; and

(e) our Directors are of the view that the Accountants' Report covering the two years ended December 31, 2024 and 2025, together with other disclosures in this document, have already provided the [**REDACTED**] public with adequate and reasonably up-to-date information in the circumstances to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the [**REDACTED**] public.

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

[REDACTED]

[REDACTED]

[REDACTED]

## DIRECTORS

| Name | Address | Nationality |
|---|---|---|
| **Executive Directors** | | |
| Dr. Hui Tian | Room 3004, 30th Floor, Building 6<br>Qianhai Dong'an Garden, Nantou<br>Nanshan District<br>Shenzhen<br>Guangdong Province<br>PRC | American |
| Dr. Igor Ivanov | 420 Live Oak Drive<br>Danville<br>CA 94506<br>United States | American |
| **Non-executive Director** | | |
| Mr. Lizi Bie (别力子) | 14D, Building A3, Cuihai Garden<br>2 Zetian Road<br>Futian District<br>Shenzhen<br>Guangdong Province<br>PRC | Chinese |
| **Independent Non-executive Directors** | | |
| Dr. Ankang Li (李安康) | 6-201, 628 West Gumei Road<br>Minhang District<br>Shanghai<br>PRC | Chinese |
| Mr. Keith Warner | 152 Barbaree Way<br>Tiburon<br>CA 94920<br>United States | American |
| Ms. Tao Zhang (章濤) | No. 801, Unit 2, Building 1, Northwest Area<br>No. 8 Court, Yiguangsi Compound<br>Haidian District<br>Beijing<br>PRC | Chinese |

For details of our Directors, see "Directors and Senior Management."

## PARTIES INVOLVED IN THE [REDACTED]

**Joint Sponsors [REDACTED]**

**China International Capital Corporation Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**SPDB International Capital Limited**
33/F, SPD Bank Tower
One Hennessy
1 Hennessy Road
Hong Kong

[REDACTED]

**Legal Advisors to Our Company**

*As to Hong Kong and United States laws:*
**Cooley HK**
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

*As to PRC laws:*
**Han Kun Law Offices**
9/F, Office Tower C1, Oriental Plaza
1 East Chang An Avenue
Dongcheng District
Beijing
PRC

*As to Cayman Islands laws:*
**Harney Westwood & Riegels**
3501, The Center
99 Queen's Road Central
Hong Kong

| | |
|---|---|
| **Legal Advisors to the Joint Sponsors and the [REDACTED]** | *As to Hong Kong and United States laws:*<br>**Clifford Chance**<br>27/F, Jardine House<br>One Connaught Place<br>Central<br>Hong Kong<br><br>*As to PRC laws:*<br>**CM Law Firm**<br>Rm 2805, Plaza 66 Tower 2<br>1366 West Nanjing Road<br>Shanghai<br>PRC |
| **Reporting Accountants and Independent Auditor** | **Deloitte Touche Tohmatsu**<br>*Certified Public Accountants*<br>*Registered Public Interest Entity Auditor*<br>35/F, One Pacific Place<br>88 Queensway<br>Hong Kong |
| **Industry Consultant** | **China Insights Consultancy Limited**<br>10F, Block B, Jing'an International Center<br>99 Puji Road<br>Jing'an District<br>Shanghai<br>PRC |
| **Compliance Advisor** | **SPDB International Capital Limited**<br>33/F, SPD Bank Tower<br>One Hennessy<br>1 Hennessy Road<br>Hong Kong |

[**REDACTED**]

| | |
|---|---|
| **Registered Office** | The offices of ICS Corporate Services (Cayman) Limited<br>Palm Grove Unit 4, 265 Smith Road<br>George Town, P.O. Box 52A<br>Edgewater Way #1653<br>Grand Cayman KY1-9006<br>Cayman Islands |
| **Headquarters and Principal Place of Business in the PRC** | 5/F, Building B & East Section, 8/F, Building A<br>Inspection and Testing Center<br>Xishan Economic Development Zone<br>37 Tuanjie Middle Road<br>Xishan District<br>Wuxi<br>Jiangsu Province<br>PRC |
| **Principal Place of Business in Hong Kong** | Room 1918, 19/F, Lee Garden One<br>33 Hysan Avenue<br>Causeway Bay<br>Hong Kong |
| **Company's Website** | **www.axbio.cn**<br>*(The information contained on this website does not form part of this document)* |
| **Joint Company Secretaries** | **Ms. Yu Zhang (張瑜)**<br>5/F, Block A, R&D Building<br>Tsinghua High-Tech Park<br>Nanshan District<br>Shenzhen<br>Guangdong Province<br>PRC<br><br>**Ms. Ingrid Pui Kiu Wong (黃沛翹)**<br>Room 1918, 19/F, Lee Garden One<br>33 Hysan Avenue<br>Causeway Bay<br>Hong Kong |
| **Authorized Representatives** | **Dr. Hui Tian**<br>5/F, Block A, R&D Building<br>Tsinghua High-Tech Park<br>Nanshan District<br>Shenzhen<br>Guangdong Province<br>PRC<br><br>**Ms. Ingrid Pui Kiu Wong (黃沛翹)**<br>Room 1918, 19/F, Lee Garden One<br>33 Hysan Avenue<br>Causeway Bay<br>Hong Kong |

| | |
|---|---|
| **Audit Committee** | Dr. Ankang Li (李安康) *(Chairperson)*<br>Ms. Tao Zhang (章濤)<br>Mr. Keith Warner |
| **Nomination Committee** | Dr. Hui Tian *(Chairperson)*<br>Mr. Keith Warner<br>Ms. Tao Zhang (章濤) |
| **Remuneration Committee** | Mr. Keith Warner *(Chairperson)*<br>Dr. Igor Ivanov<br>Dr. Ankang Li (李安康) |

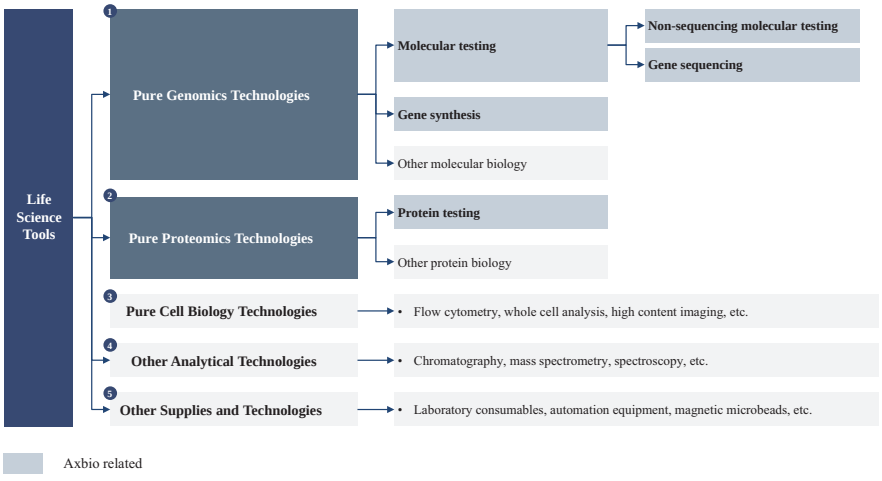
[**REDACTED**]

| | |
|---|---|
| **Principal Banks** | **China Merchants Bank, Head Office**<br>China Merchants Bank Tower<br>7088 Shennan Boulevard<br>Shenzhen<br>Guangdong Province<br>PRC<br><br>**Bank of China, Shenzhen Branch**<br>International Finance Building<br>2022 Jianshe Road<br>Luohu District<br>Shenzhen<br>Guangdong Province<br>PRC |

*Certain information and statistics set out in this section have been extracted from various official government publications, available sources from public market data providers and an independent third-party source, CIC. The report prepared by CIC and cited in this document was commissioned by us. The information from official government sources has not been independently verified by our Company, the Joint Sponsors, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, any of our or their respective affiliates, directors, officers, employees, agents or advisors or any other person or party involved in the* [**REDACTED**]*, and no representation is given as to its accuracy, fairness and completeness. For discussion of the risks relating to our industry, see "Risk Factors."*

## OVERVIEW OF LIFE SCIENCE TOOLS MARKET

Life science tools encompass a broad range of instruments, reagents, and consumables that serve as the foundation for advancements in genomics, proteomics, cell biology, analytics and other cutting-edge technologies. The life science tools market can be broadly segmented into several technical categories, each catering to distinct areas of scientific research and clinical practice. The chart below illustrates such segmentation of the overall life science tools market.




*Source: CIC*

### *Comparison of Molecular Testing and Protein Testing*

Molecular testing (including non-sequencing molecular testing and gene sequencing) interrogates nucleic acids, uncovering inherited or acquired genetic alterations; by contrast, protein testing targets the downstream gene products, capturing dynamic biochemical changes that mirror real-time physiological states. Thus, molecular testing reveals static genomic information, whereas protein testing excels at functional status monitoring and biomarker discovery, making the two approaches scientifically distinct yet clinically complementary. The following table sets forth a comparison of the molecular testing and protein testing.

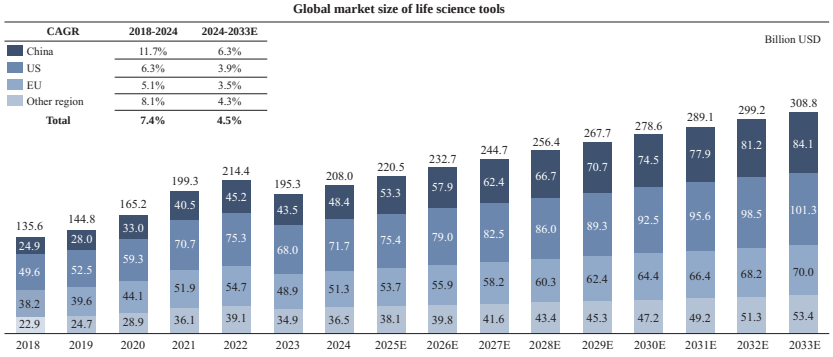
| Testing type | Molecular testing | | Protein testing |
|---|---|---|---|
| | Non-sequencing molecular testing | Gene sequencing | |
| **Analyte** | Specific molecular marker | Nucleic acids | Protein molecule |
| **Technology Principle** | PCR, FISH, gene chip | Sanger, NGS, Single molecular sequencing, EL-NGS | Elisa, CLIA, Western blot, Mass spectrometry, etc. |
| **Output** | Quantitative values (copy numbers, ratios) or qualitative results (positive/negative) | Genetic variants, mutations, and their clinical significance | Protein levels, expression patterns, and activity measurements |
| **Reflection** | Specific target status, mutation presence | Genetic profile and disease susceptibility | Protein expression and disease biomarker status |
| **Level of sophistications*** | + | +++++ | +++ |
| **Purpose** | Rapid pathogen detection, known mutation screening, companion diagnostics, etc. | Genetic variation detection, tumor mutation analysis, birth defect screening, etc. | Disease diagnosis, treatment monitoring, and biomarker analysis |

* Level of sophistications refers to the inherent complexity of the testing technology, the requirements for laboratory infrastructure and equipment, the difficulty of data analysis and clinical interpretation, as well as the cost and skill level of the personnel involved.

*Source: CIC*

## Global Life Science Tools Market

The global life science tools market has witnessed substantial growth in recent years, increasing from US$135.6 billion in 2018 to US$208.0 billion in 2024, with a CAGR of 7.4%. In the post-pandemic era, despite a slowdown in the overall growth rate of the life science tools market, this sector continues to present strong market potential and is expected to maintain steady growth, as driven by ongoing technological advancements, increased investment in research and development, and rising demand for innovative life science solutions across academic, clinical, and industrial sectors. The chart below illustrates the historical and forecast size of the global life science tools markets for the periods indicated.




*Source: World Health Organization (WHO), Organization for Economic Co-operation and Development (OECD), National Bureau of Statistics of China (NBSC), General Administration of Customs of the People's Republic of China (GACC), annual reports of listed companies, expert interviews, CIC*

### Growth Drivers and Future Trends of Life Science Tools Market

The growth of the life science tools market is expected to be driven and shaped by the following factors:

- ***National-level favorable policy support.*** China has implemented a series of favorable policies to drive the growth of the life sciences tools industry. For example, the 14th Five-Year Plan for the Development of the Bioeconomy (《「十四五」生物經濟發展規劃》), issued on May 10, 2022, encourages better tools for gene testing and disease detection, and also supports new methods like synthetic biology and microfluidics, which can be used in medicine, farming, and environmental protection. The 14th Five-Year Plan for National Health (《「十四五」國民健康規劃》) released on April 27, 2022, emphasizes strengthening the development and deployment of advanced medical equipment and diagnostic tools to support national health objectives. On the reimbursement side, the National Healthcare Security Administration (NHSA) and provincial health authorities have introduced a series of reimbursement reforms to expedite market access for innovative life science tools, including fast-track insurance inclusion and procurement policies for devices approved under the innovation pathway and enhanced DRG/DIP payment incentives across multiple provinces. The U.S. has also launched the National Biotechnology and Biomanufacturing Initiative on September 12, 2022, which supports the development of new diagnostic technologies and aims to improve the regulatory environment to drive bioeconomy growth.

- ***Expansion of downstream market demand.*** The growing focus on genetic research and patient needs is driving the expansion of personalized and precision medicine, which relies on advanced life science tools for quick biomarker identification and high-throughput screening, thereby fueling market demand. Beyond healthcare, the adoption of high-throughput sequencing in non-medical sectors, such as crop and livestock breeding, animal disease monitoring, and food safety testing, also contributes to the rising demand for life science tools.

- ***Technological innovation and AI integration.*** Technological advancements, especially automation in high-throughput applications, spatial multi-omics and artificial intelligence, have significantly accelerated experimental processes while driving the development of more advanced life science tools and analytical platforms. The integration of automation with AI and big data analytics enables high-quality, large-scale, and highly accurate data generation and analysis, significantly enhancing efficiency, accelerating scientific discoveries, and expanding the applications of life science tools across diverse fields.

- ***Transnational cooperation and technical standardization.*** Given the acceleration of collaboration between multinational pharmaceutical companies and research institutions, the standardization and regulation of life science tools have become essential to ensuring the quality and consistency of processes, driving the worldwide expansion of the life science tools market.

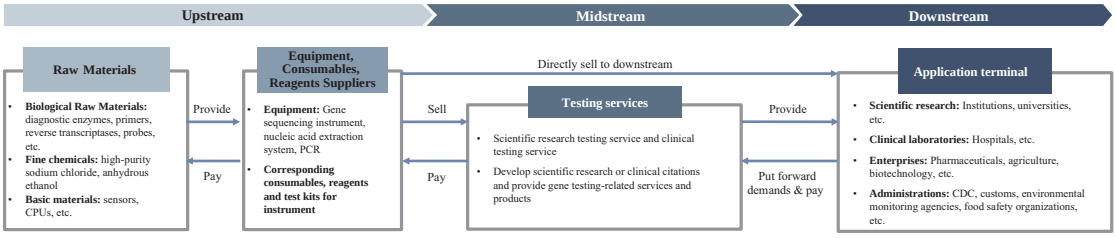
## OVERVIEW OF MOLECULAR TESTING MARKET

Molecular testing comprises a spectrum of advanced techniques designed to detect and analyze nucleic acids, including DNA and RNA, to identify genetic mutations, gene expression patterns, and epigenetic modifications at the molecular level. As a transformative segment within the life science tools industry, it broadly encompasses two categories — non-sequencing molecular testing and gene sequencing — each serving distinct functional purposes based on differences in detection principles, information depth, and cost structure.

Non-sequencing molecular testing is primarily used for the rapid detection of specific targets. It offers advantages such as simplicity, cost-effectiveness, and operational efficiency, making it well-suited for large-scale screening and companion diagnostics. In contrast, gene sequencing excels at providing comprehensive genetic information, enabling in-depth analysis of complex genomic variations, though it typically involves higher costs and greater data processing requirements.

### *Industrial Chain and Workflow of Molecular Testing*

The molecular testing industry is built around a value chain that includes upstream suppliers, midstream service providers, and downstream users. The following diagram sets forth the industrial chain of the molecular testing market.




*Source: CIC*

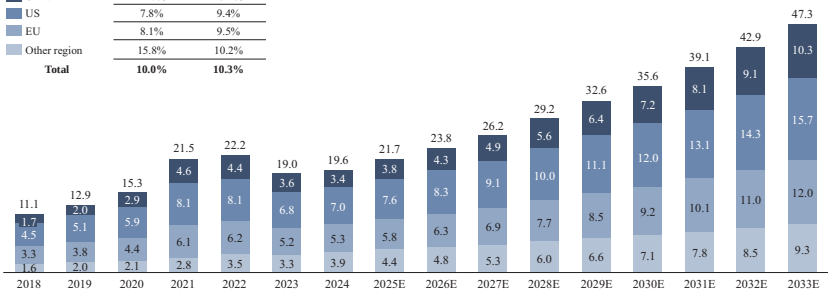
Molecular testing instruments, as the core of diagnostic and research platforms, support a standardized yet highly adaptable workflow across a wide range of applications. These instruments and their associated consumables are typically designed as general-purpose platforms, enabling broad applicability in both clinical and research settings. In clinical settings, the typical workflow proceeds from patient assessment and test kit selection, through sample collection and laboratory analysis, to data interpretation and report generation for the patient and physician.

### Molecular Testing Market Size

The broad applications of molecular testing have driven substantial growth and innovation in this sector. The chart below illustrates the historical and forecast size of the global molecular testing market for the periods indicated.

**Global market size of molecular testing**

| CAGR | 2018-2024 | 2024-2033E |
|---|---|---|
| China | 12.7% | 13.1% |
| US | 7.8% | 9.4% |
| EU | 8.1% | 9.5% |
| Other region | 15.8% | 10.2% |
| **Total** | **10.0%** | **10.3%** |




*Note:*

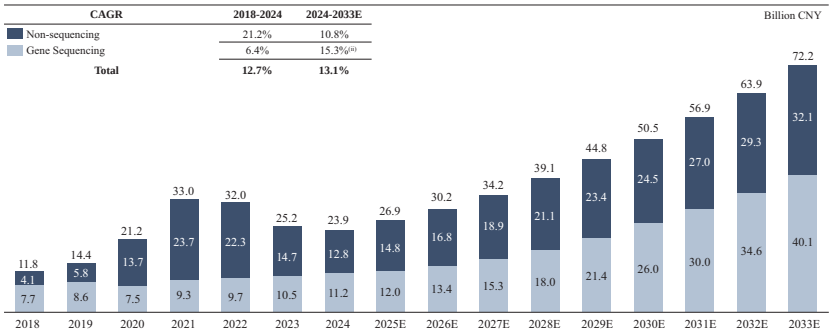
(i) This market size includes molecular testing instruments, consumables, and clinical test kits across all applications.

*Source: WHO, FDA, NMPA, annual reports of listed companies, expert interviews, CIC*

In China's molecular testing market, gene sequencing method was the leading segment before the COVID-19 pandemic and is projected to regain its dominant position in the next

few years. The chart below illustrates a breakdown of the China's molecular testing market by molecular testing technology, including non-sequencing molecular testing and gene sequencing, for the periods indicated.

**China's market size of molecular testing**




*Notes:*

(i) This market size includes molecular testing instruments, consumables, and clinical test kits across all applications.

(ii) The forecasted CAGR of 15.3% in China's gene sequencing market between 2024 and 2033 reflects the accelerating adoption of NGS technology in both clinical and research settings. Key drivers include its broader inclusion in clinical guidelines for liquid biopsy, hereditary disease testing, and oncology companion diagnostics; a significant reduction in sequencing costs driven by technology localization and supply chain maturity; rising cancer incidence and the wider acceptance of genomic profiling; and increasing investment in translational research, biobanks, and precision medicine pilot programs. Furthermore, domestic innovation in sequencing platforms is expected to broaden access beyond top-tier academic centers, supporting sustained market growth from a relatively low base of clinical penetration.

*Source: NMPA, Chinese Medical Association (CMA), NBSC, GACC, annual reports of listed companies, expert interviews, CIC*

## OVERVIEW OF NON-SEQUENCING MOLECULAR TESTING MARKET

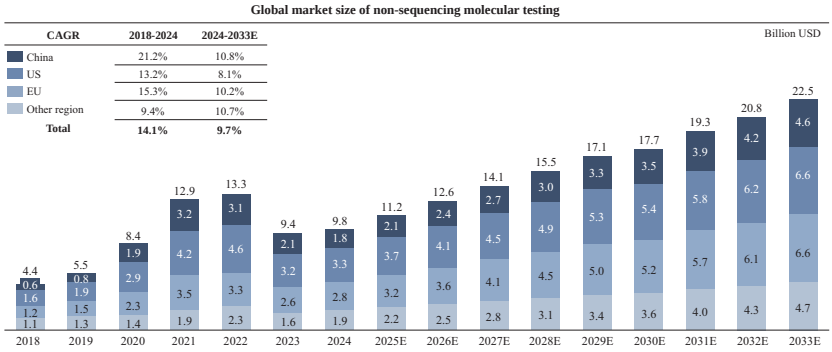
Non-sequencing molecular testing relies on targeted methods that amplify or detect specific nucleic acid sequences to identify genetic variations, mutations, or the presence of pathogens, without sequencing the entire genome. The widely employed technologies in non-sequencing molecular testing include polymerase chain reaction (PCR), fluorescence in situ hybridization (FISH) and gene chips. The following chart provides a comparative analysis of these three non-sequencing molecular testing techniques in terms of their fundamental principle, technology maturity, and applications.

| | Principle | Technology maturity | | | Application |
|---|---|---|---|---|---|
| | | Operation requirement | Time efficiency | Cost efficiency | |
| PCR | • DNA becomes single strand at high temperature and complements each other at low temperature. | • Low to moderate operation requirement | • Moderate throughput<br>• Relatively shorter experiment duration | • Relatively lower cost | • Infectious diseases diagnosis<br>• Tumor early detection and companion diagnostics<br>• Genetic diseases |
| FISH | • The process of hybridizing the labeled known sequencing nucleic acid with the nucleic acid in the cell or tissue section, so as to accurately locate the specific nucleic acid. | • Low to moderate operation requirement | • Moderate time consumption with the rather cumbersome experiment process | • Low cost with mature technology | • Virus detection<br>• Disease classification, prognosis and medication guidance of tumors |
| Gene chip | • Known DNA sequences are integrated and hybridized with sample molecules on the same chip to obtain sample sequence information. | • High operation difficulty | • High throughput<br>• Relatively longer experiment duration | • High test cost | • High-throughput disease screening and multi-target genetic analysis<br>• New drug development |

*Source: Literature review, CIC*

## Non-Sequencing Molecular Testing Market Size

The non-sequencing molecular testing market currently serves over 110 million target individuals and eligible users worldwide. The chart below illustrates the historical and forecast size of the global non-sequencing molecular testing market for the periods indicated.

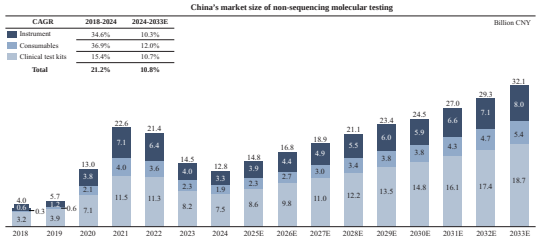



*Note:*

(i) This market size includes non-sequencing molecular testing instruments, consumables, and clinical test kits across all applications.

*Source: WHO, FDA, NMPA, annual reports of listed companies, expert interviews, CIC*

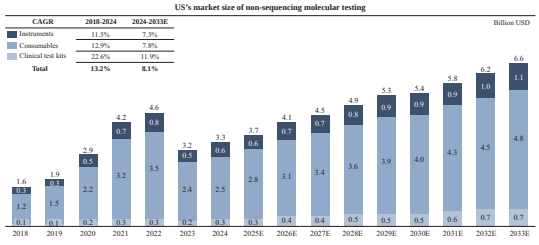
The charts below further illustrate the breakdown of non-sequencing molecular testing markets in China, the U.S. and the EU, respectively, by product type, including instruments, consumables and clinical test kits, for the periods indicated.



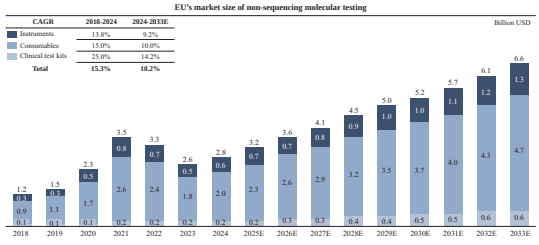

*Note:*

(i) This market size includes non-sequencing molecular testing instruments, consumables, and clinical test kits across all applications.

*Source: NMPA, CMA, NBSC, GACC, annual reports of listed companies, expert interviews, CIC*




*Source: Annual reports of listed companies, expert interviews, CIC*

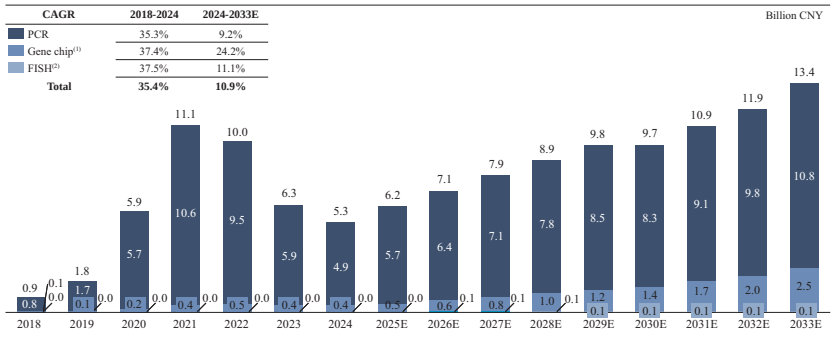



*Source: Annual reports of listed companies, expert interviews, CIC*

### *Non-Sequencing Molecular Testing Instrument and Consumables Market Size*

Technologies used in non-sequencing molecular testing instrument and consumables include PCR, FISH, and gene chips. The chart below sets forth a breakdown of China's non-sequencing molecular testing instrument and consumables market by testing method for the periods indicated.

**China's market size of non-sequencing molecular testing instrument and consumables, by testing method**




*Notes:*

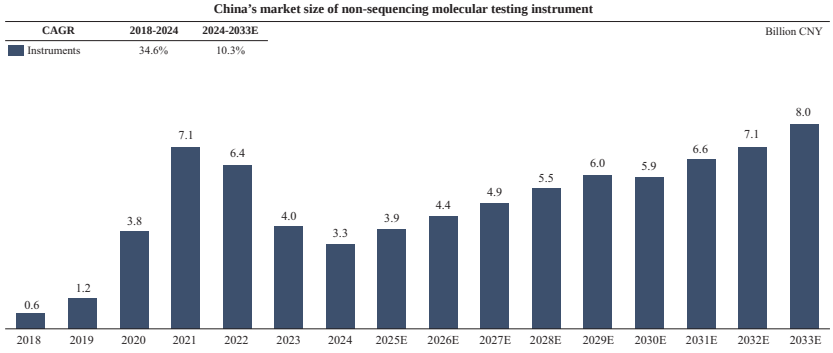
(1) While conventional gene chip rely solely on hybridization-based detection, technological advances have introduced nucleic-acid-amplification-enhanced formats to improve analytical performance. In particular, multiplex PCR-microarray, a sub-type of gene chip, combine upstream PCR-based amplification with downstream microarray readout to enable multi-target detection. Depending on system architecture, amplification may occur independently prior to hybridization or be integrated within a unified workflow.

(2) FISH is a commonly used laboratory technique and has become an important tool in clinical settings, especially in oncology. The FISH detection technique uses fluorescent probes to visualize microscopic molecular pathological phenomena. By using a fluorescence microscope, fluorescent signals can be observed at the target locations. Since FISH testing does not require specialized instruments and only needs a fluorescence microscope for observation, FISH itself is considered test kit only. We have included some common consumables related to FISH, such as fluorescent probes and buffer solutions in the market size.

*Source: NMPA, CMA, NBSC, GACC, annual reports of listed companies, expert interviews, CIC*

The chart below sets forth China's non-sequencing molecular testing instrument market for the periods indicated.

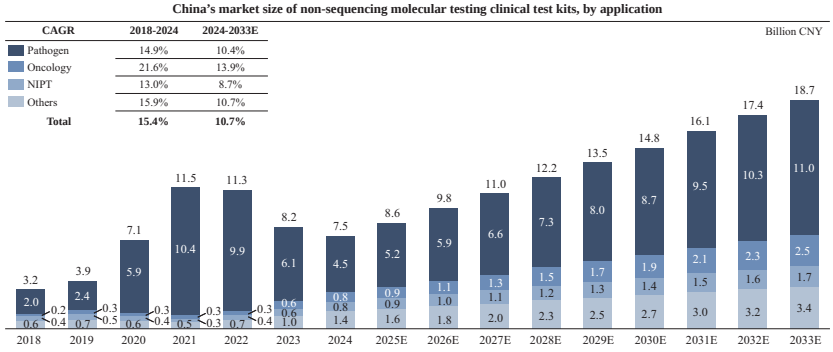
**China's market size of non-sequencing molecular testing instrument**




*Source: Annual reports of listed companies, expert interviews, CIC*

### *Non-Sequencing Molecular Testing Clinical Test Kits Market Size*

Clinical test kits are typically used alongside corresponding instruments and consumables, with primary applications in pathogen detection, oncology diagnostics, and non-invasive prenatal testing (NIPT). The chart below presents the market breakdown of China's non-sequencing molecular testing clinical test kits by application for the periods indicated.




*Source: NMPA, CMA, NBSC, GACC, annual reports of listed companies, expert interviews, CIC*

### Competitive Landscape of Non-Sequencing Molecular Testing Market

The global non-sequencing molecular testing instrument and consumables market is highly competitive and fragmented. Key players, including bioMérieux, Bio-Rad Laboratories, Danaher Corporation, Qiagen N.V., and Roche Diagnostics, maintain their positions through broad product portfolios, ongoing innovation, and global distribution networks. China's market mirrors this fragmentation, with the same multinational players competing alongside a rapidly growing cohort of domestic players such as Axbio and Daan Gene. As of December 31, 2025, there were a total of 155 PCR instruments, 1,049 PCR kits, four FISH instruments (all of which were automated platforms instead of testing devices), 35 FISH kits, 80 multiplex PCR-microarray testing instruments, and 57 multiplex PCR-microarray testing kits that have been approved for market entry by the NMPA in China.

The table below sets forth the top five players in the China's non-sequencing molecular testing instrument and consumables market, as well as their revenues and corresponding market shares in 2024.

| | Revenue (billion RMB) | Market share (%) |
|---|---|---|
| Company A[(1)] | 0.7 | 13.2% |
| Company B[(2)] | 0.6 | 11.8% |
| Company C[(3)] | 0.6 | 11.7% |
| Company D[(4)] | 0.5 | 9.0% |
| Company E[(5)] | 0.4 | 8.3% |

*Source: Annual report, expert interview, CIC*

*Notes:*

(1) Company A was established in 2006 through the merger of several entities, with its headquarters located in Massachusetts, USA. It provides scientific instruments, reagents, and services to laboratories worldwide and was listed on the NYSE in 2006.

(2) Company B is a provider of genetic testing and molecular diagnostic technologies. Founded in 1997 and headquartered in Xi'an, China, it supplies PCR instruments, in-vitro diagnostic reagents, and automated solutions to medical institutions.

(3) Company C is a specialized manufacturer of medical PCR analysis systems. Established in 2003 and based in Shanghai, China, it offers fully automated nucleic acid detection equipment to diagnostic laboratories.

(4) Company D is a comprehensive supplier of end-to-end molecular testing products. Founded in 2002 with headquarters in Hangzhou, China, it provides fully automated real-time PCR systems, nucleic acid processing workstations, and matching reagents to healthcare institutions and research organizations.

(5) Company E is an enterprise focused on the molecular diagnostics industry. Established in 2010 and headquartered in Suzhou, China, it delivers integrated PCR technology solutions for pathogen detection.

Within the broader non-sequencing molecular testing segment, related instruments, consumables and matching clinical test kits can also be subdivided into two functional categories, including single-plex assays that detect one target at a time, and multiplex nucleic acid tests that read many targets simultaneously. Today, multiplex capability is delivered mainly by multiplex PCR and multiplex PCR microarray platforms. The table below sets forth the major multiplex nucleic acid detection instruments globally as of December 31, 2025.

| Company | Product/Series | Testing technology | Detection method | Description | Development stage |
|---|---|---|---|---|---|
| Biofire (bioMérieux) | Filmarray | Multiplex PCR | Optical | • Fully enclosed cartridge-based multiplex PCR platform with integrated sample-to-result workflow, commonly used for respiratory, bloodstream, and GI panel | NMPA approved<br>FDA approved |
| | Spotfire | Multiplex PCR | Optical | • Desktop multiplex PCR instrument for rapid pathogen detection | CE mark<br>FDA approved |
| Cepheid (Danaher) | GeneXpert | Multiplex PCR | Optical | • Modular sample-to-result system widely used for tuberculosis, respiratory pathogens, and drug resistance gene detection | NMPA approved<br>FDA approved<br>CE mark |
| Bio-Rad | CFX | Multiplex PCR | Optical | • Multi-channel real-time PCR detection systems supporting up to 5-target multiplexing with advanced optical technology and precise thermal control | NMPA approved<br>FDA approved<br>CE mark |
| GenMark (Roche) | eSensorXT-8 | Multiplex PCR Microarray | Electrochemical | • Automated system for multiplex detection on electrochemical probe microarrays after PCR amplification | FDA approved |
| | ePlex | Multiplex PCR Microarray | Electrochemical | • Multi-target detection through PCR amplification combined with electrochemical chip hybridization probes | FDA approved<br>CE mark |
| Affymetrix (Thermo Fisher) | GeneChip System | Hybridization-based Microarray | Optical | • Solid-phase oligonucleotide microarray platform that relies on labeled nucleic acid-hybridization | NMPA approved<br>FDA approved<br>CE mark |
| Agilent | SurePrint Microarray | Hybridization-based Microarray | Optical | • High-throughput oligonucleotide hybridization platform for gene expression and multi-target analysis | NMPA approved<br>CE mark |
| Illumina | Infinium/BeadChip | Hybridization-based Microarray | Optical | • Solid-phase microbead-based genotyping microarray platform that utilizes whole-genome amplification and hybridization with single-base extension chemistry | RUO |
| CapitalBio | BioMixer/ LuxScan Series | Multiplex PCR Microarray | Optical | • Early domestic chip detection instruments for respiratory pathogens and tumor marker detection | NMPA approved |
| Axbio | EL-100 | Multiplex PCR Microarray | Electrochemical | • Electrochemical biochip analyzer for multi-target analysis through microarray electrochemical signal detection after PCR amplification | NMPA approved |
| Atlas Genetics/ binx health | IO | Multiplex PCR Microarray | Electrochemical | • Isothermal nucleic-acid amplification platform with microfluidic cartridge and electrochemical detection | FDA approved |
| | Callisto | Multiplex PCR Microarray | Electrochemical | • automated microfluidic sample-preparation system for nucleic acid extraction and library preparation | RUO |
| Daan gene | DA9100 | Multiplex PCR Microarray | Electrochemical | • Electrochemical gene chip detector with 72 electrodes on each chip, capable of multi-locus and multi-allelic gene analysis | NMPA approved |
| One-chip | / | Multiplex PCR Microarray | Electrochemical | / | Under development |

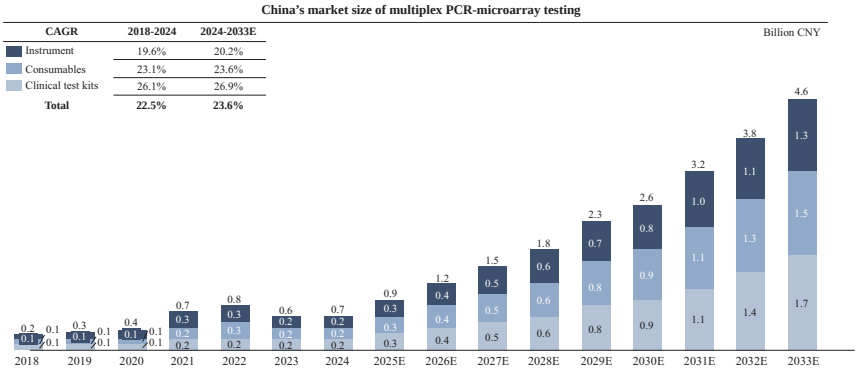
*Source: Company official websites, literature review, CIC*

## Overview of Multiplex PCR-Microarray Testing

Multiplex PCR-microarray testing integrates the amplification capability of multiplex PCR with the high-throughput screening capacity of microarray technology, enabling simultaneous analysis of multiple targets in a single sample while offering significant economic advantages through streamlined detection processes, reduced instrumentation costs, and shorter turnaround time. As of December 31, 2025, there were 80 multiplex PCR-microarray testing instruments approved in China and five in the U.S.; there were one multiplex PCR-microarray testing instruments in clinical stage or for RUO in China, two in the U.S., and three in the EU. As of the same date, there were 57 multiplex PCR-microarray testing kits approved in China and 15 in the U.S.; there were five multiplex PCR-microarray testing kits in clinical stage or for RUO in China, nil in the U.S., and three in the EU.

In particular, China's multiplex PCR-microarray testing market is expanding rapidly as the technology gains broader clinical adoption for syndromic testing and high-multiplex pathogen detection. This growth is supported by increasing penetration into tier-2 and tier-3 hospitals, the expansion of test menus beyond respiratory pathogens to include

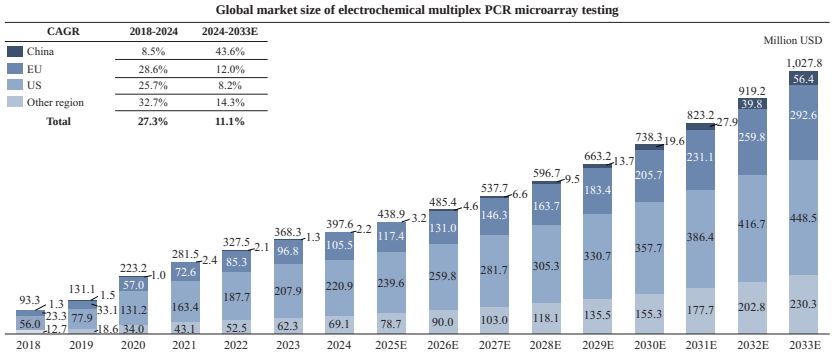
gastrointestinal, CNS, and antimicrobial resistance panels, and continued investment in molecular diagnostics infrastructure by public hospitals and independent clinical laboratories. The chart below illustrates a breakdown of the China's multiplex PCR-microarray testing market by product type, including instruments, consumables and clinical test kits, for the periods indicated.




*Source: NMPA, CMA, NBSC, GACC, annual reports of listed companies, expert interviews, CIC*

### *Electrochemical Multiplex PCR-Microarray Market Size*

Among existing multiplex PCR-microarray instruments, the majority are fluorescence-based; electrochemical platforms, though fewer in number, offer greater multiplexing capacity, lower costs, more compact instrumentation, and a streamlined workflow. The chart below illustrates the historical and forecast size of the global electrochemical multiplex PCR microarray testing market for the periods indicated.



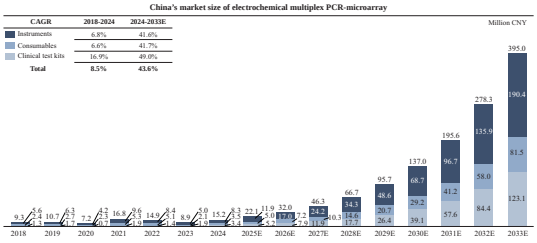

*Note:*

(i) As China's electrochemical multiplex PCR microarray segment is still at an early stage, with only two companies and two products currently commercialized, historical growth has been relatively modest and the market remains small in scale, which creates a low base for future expansion. As a result, even a moderate absolute increase in market size translates into a large percentage increase, resulting in a higher implied CAGR, particularly during early commercialization when penetration is building from a low installed base.

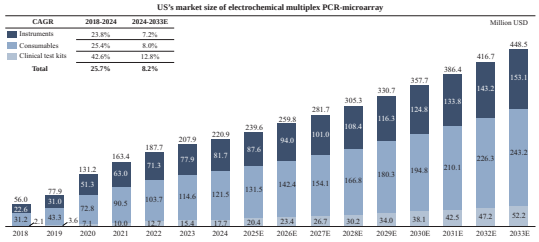
Looking ahead, adoption is expected to accelerate as electrochemical microarray detection offers higher multiplexing capacity, lower testing costs, simpler and more compact instrumentation, and a more streamlined workflow compared with fluorescence based systems. In addition, multiple overseas players have already commercialized electrochemical platforms, demonstrating the technology's feasibility and commercial potential. As more companies enter the market and additional products are launched in China, broader clinical uptake and faster market expansion should follow, supporting the higher forecast CAGR.

*Source: Annual reports of listed companies, expert interviews, CIC*

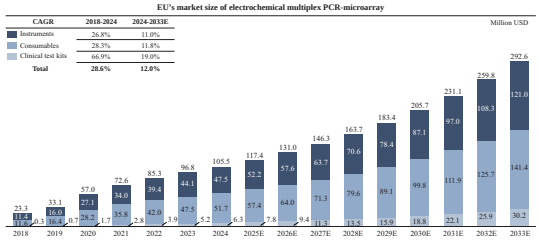
The charts below further illustrate the breakdown of electrochemical multiplex PCR microarray testing markets in China, the U.S. and the EU, respectively, by product type, including instruments, consumables and clinical test kits, for the periods indicated.




*Source: Annual reports of listed companies, expert interviews, CIC*




*Source: Annual reports of listed companies, expert interviews, CIC*




*Source: Annual reports of listed companies, expert interviews, CIC*

As of December 31, 2025, there were two electrochemical multiplex PCR-microarray testing instruments approved in China and three in the U.S.; there were nil electrochemical multiplex PCR-microarray testing instruments in clinical stage or for RUO in China and one in the U.S. and EU. As of the same date, there were two electrochemical multiplex PCR-microarray testing kits approved in China and ten in the U.S.; there were nil multiplex PCR-microarray testing kits in clinical stage or for RUO in China, nil in the U.S., and one in the EU.

***Competitive Landscape of Multiplex PCR-Microarray Testing Instrument Market***

In general, the multiplex PCR-microarray testing instrument market remains fragmented and still reflects the characteristics of an emerging industry, with a small number of leading domestic players achieving broader hospital penetration and more extensive test menus, while many newer entrants focus on specific regions or niche panels. Competition centers on menu breadth and clinical validation, workflow simplicity and automation, reagent economics, and hospital tender access and service capability. Although fluorescence-based systems currently dominate, electrochemical platforms represent an alternative technological route. As clinical adoption advances, platforms are expected to differentiate increasingly based on throughput, ease of use, and total economic value.

As of December 31, 2025, among the 80 multiplex PCR-microarray testing instruments developed by 58 companies and approved by the NMPA or its local counterparts, only two were electrochemical platforms, including our Core Product AxiLona EL-100, and the remaining 78 were fluorescence-based systems. The chart below illustrates the competitive landscape of China's multiplex PCR microarray analyzer market.

| Indicator | Multiplex PCR + Fluorescence Microarray Detection | Multiplex PCR + Electrochemical Microarray Detection |
|---|---|---|
| Sensitivity | • ≥200 Copies/mL | • Can be as low as 100 Copies/mL |
| Specificity | • ~97% (only specific primers for amplification 90%~95%) | • >99.9% (The combination of specific primers for amplification and highly specific probes for hybridization significantly improves specificity) |
| Testing Cycle | • Total turnaround time around 5-8 hrs | • Total turnaround time < 2 hrs |
| Sample Throughput per Unit Time | • Relatively low | • High |
| Instrument Cost | • High, complex optical components lead to high instrument cost | • Low, no complex optical components, 1/3-1/2 the cost of a fluorescent quantitative PCR instrument |
| Reagent Cost | • Relatively high (signal detection requires multiple fluorescent-labeled probes like TaqMan probes, increasing production cost) | • Low, about 1/2 the cost of fluorescent detection reagents (only one electrochemical group is needed per signal detection; thus only one type of label is needed, resulting in lower production cost) |
| Number of NMPA approval product | • 78 | • 2 |
| Key Players | • CapitalBio<br>• Affymetrix<br>• Agilent | • Axbio<br>• Daan Gene |

*Note:*

(1) Specificity refers to the probability that the test correctly identifies true-negative samples. High specificity minimizes false positives and therefore avoids inappropriate antimicrobial use, unnecessary follow-up testing, and clinical mis-classification. Specificity for multiplex PCR-microarray assays is kit-dependent and influenced by probe design, primer specificity, target sequence diversity, specimen type, reference method, and laboratory workflow.

*Source: NMPA, public information, literature review, CIC*

The chart below sets forth the analysis of comparison between Axbio EL-100 and Daan Gene DA9100.

| Indicator | Axbio EL-100 | Daan Gene DA9100 |
|---|---|---|
| Limit of Detection | • Can be as low as 100 Copies/mL | • NA |
| Speed | • On-instrument testing takes just 3 mins, total turnaround time < 2 hrs | • Complete at least 100 tests within 3 hrs |
| Single chip electrodes | • Up to 54 | • Up to 72 |
| Dimensions (mm) | • 370(L)×242(W) ×148(H) | • 840(L) × 545(W) × 665(H) |
| Weight | • 6.15kg | • 60kg |

Given the notable differences in product positioning, intended application scenarios, and commercialization strategies, the two products are not directly comparable. DA9100 is designed primarily for centralized, high-throughput testing environments, such as third-party laboratories, and is significantly larger in size and weight. In contrast, AxiLona EL-100 is a compact and portable microarray analyzer suitable for both centralized and decentralized testing scenarios. Crucially, both systems require prior PCR amplification before detection.

**Growth Drivers and Future Trends of Non-Sequencing Molecular Testing Market**

The growth of the non-sequencing molecular testing market is expected to be driven and shaped by the following factors:

- ***Increasing respiratory infection burden and heightened clinical awareness.*** RSV, influenza, and other respiratory pathogens remain leading causes of acute respiratory infections, driving significant healthcare utilization particularly among infants and individuals with underlying cardiopulmonary conditions. According to CIC, China reported 10.2 million cases of notifiable infectious diseases in 2019, rising to 18.7 million cases in 2023 (excluding COVID-19), underscoring a growing diagnostic demand. This burden, combined with the need for early diagnosis and infection-control decision-making, continues to drive demand for rapid molecular respiratory testing — particularly in pediatric and emergency-care settings.

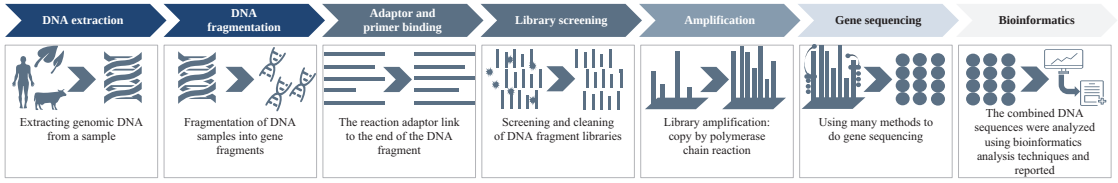
- ***Growing demand for cost-effective diagnostics and broader applications.*** Advances in domestic manufacturing have reduced the costs of non-sequencing molecular testing instruments and reagents, improving affordability and accessibility within China's hierarchical diagnosis and treatment system. Non-sequencing molecular testing is also being increasingly applied in food safety and traceability, including genetically modified ingredient detection, allergen screening and contaminant traceability, as well as in prenatal screening, where nonsequencing methods offer advantages for NIPT.

- ***Technological advancement and personalized medicine.*** enables high-throughput processing of complex biological samples, reducing turnaround times and lowering costs in molecular diagnostics. AI-powered microfluidic devices are also expected to support further miniaturization and automation of non-sequencing tests. In addition, non-sequencing technologies, particularly those designed for high-throughput and point-of-care diagnostics, are expected to support personalized medicine by enabling rapid identification of genetic variations and microbial compositions to guide targeted treatment decisions.

- ***Policy support.*** The Chinese government actively promotes non-sequencing diagnostic technologies through favorable policies. For example, the 14th Five-Year Plan for Medical Equipment Industry Development (《「十四五」醫療裝備產業發展規劃》), issued on December 21, 2021, emphasizes advancements in *in vitro* diagnostics, high-throughput intelligent testing, and multifunctional diagnostic tools, with a clear emphasis on non-sequencing technologies. The NMPA has also streamlined approvals for innovative non-sequencing diagnostic products, accelerating market entry.

## OVERVIEW OF GENE SEQUENCING MARKET

Gene sequencing technology refers to the methods used to determine the order of nucleotides in a DNA or RNA molecule, which plays a crucial role in genomics, enabling the analysis of genetic information for applications in research, diagnostics, and other fields. Gene sequencing fundamentally involves extracting sequence information from DNA samples, capturing signals via electrochemical or optical detection, and processing the data computationally. Depending on the technology, additional steps such as DNA fragmentation or PCR amplification may be required. The below chart illustrates the typical workflow of NGS, including DNA extraction, DNA fragmentation, adaptor and primer binding, library screening, amplification, gene sequencing and bioinformatics.




*Source: Literature review, CIC*

## Types of Gene Sequencing Technology

The below table illustrates the capabilities, advantages and limitations of the four main types of gene sequencing.

| Technology | Capabilities | Advantages | Limitations |
|---|---|---|---|
| **Sanger sequencing** | • High precision (error rate 0.001-0.01%)<br>• Moderate sequencing length (1kbp)<br>• Low throughput (<1kb)<br>• cDNA sequencing method | • Fast and cost-effective for low target number<br>• Well-established workflow<br>• Simple data analysis | • Low sensitivity (15-20% detection limit)<br>• Low discovery power<br>• Low scalability due to increasing sample input requirements |
| **Next-generation sequencing (NGS)** | • Sequencing length 50-300bp<br>• 0.1% error rate<br>• Low cost per base, high cost per run | • Multiplexing/sample pooling to lower unit cost<br>• High throughput | • Complex data analysis<br>• Higher error rate than Sanger<br>• Short read |
| **Single molecule sequencing** | • Fluorescent signal-based<br>• Medium throughput<br>• Sequencing length 10k-100kbp | • Extremely high accuracy (<0.01%) | • High error rate at single pass (~15%)<br>• Expensive sequencer |
| | • Electrical signal-based<br>• Ultra-long read length (>100kb) | • Really (ultra-) long reads<br>• Portability | • High overall error rate (~10%)<br>• Systematic errors |
| **Electrochemistry long-reading next-generation sequencing (EL-NGS)** | • Electrical signal-based<br>• 1 million individual sensing channels; targeting 10 million individual sensing channels in the future<br>• High throughput 100Gb; 1,000Gb expected in the future | • Long read capabilities<br>• High sequencing accuracy<br>• Scalable to high throughput<br>• Extremely low cost per sample<br>• Portable and low instrument cost | • Require advanced algorithms for signal/data processing |

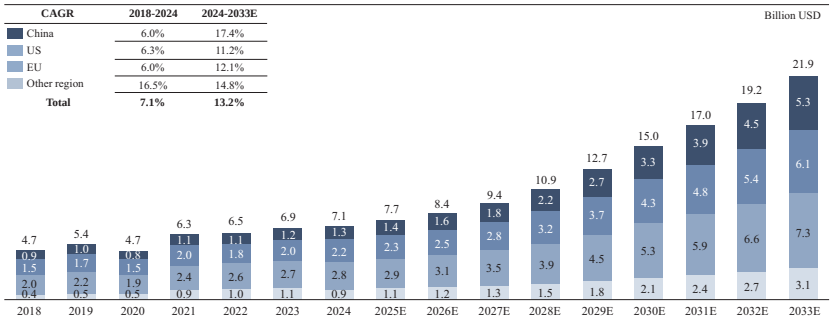
*Source: Literature review, CIC*

Among these technologies, EL-NGS stands out by combining long-read sequencing, electrochemical detection, and SBS with nanopore technology. Modified dNTP biomarkers produce distinct electrical signals through nanopores, enabling real-time detection during DNA synthesis. By eliminating optical systems and complex sample preparation, EL-NGS reduces costs and simplifies workflows, while its scalable electronic sensors support higher throughput — advancing applications from basic research to clinical diagnostics and personalized medicine.

## High-Throughput Gene Sequencing Market Size

The global gene sequencing market has been driven by the shift from traditional Sanger sequencing — limited by low throughput and a single sequence per reaction — to high-throughput sequencing platforms that enable parallel sequencing of millions of DNA molecules, significantly expanding the scale and efficiency of genomic research and clinical applications. Currently, the high-throughput gene sequencing market serves over 20 million target individuals and eligible users worldwide. The high-throughput gene sequencing segment has experienced robust growth in recent years and is projected to accelerate further, positioning itself as one of the most dynamic drivers within the broader gene sequencing landscape. The chart below illustrates the historical and forecast size of the global high-throughput gene sequencing markets for the periods indicated.

**Global market size of high-throughput gene sequencing**




*Notes:*

(i) This market size includes high-throughput gene sequencing instruments, consumables, and clinical test kits (excluding the products employing Sanger sequencing technologies) across all applications.

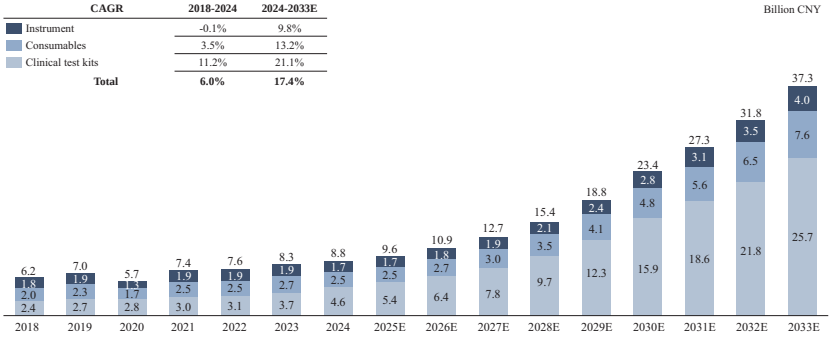
(ii) High-throughput sequencing markets across China, the U.S., and the EU exhibit differentiated growth curves that reflect their respective levels of baseline penetration and reimbursement maturity. The forecasted CAGR of 17.4% in China's high-throughput gene sequencing market between 2024 and 2033 is driven by lower starting penetration, strong national policy support, and the rapid expansion of sequencing capacity into provincial and municipal hospitals. The forecasted CAGR of 11.2% in US's high-throughput gene sequencing market between 2024 and 2033 reflects a more mature installed base with established reimbursement pathways and stable utilization in oncology and hereditary testing. Incremental growth is primarily tied to the adoption of liquid biopsy, MRD tracking, and the expansion of population genomics programs. The forecasted CAGR of 12.1% in EU's high-throughput gene sequencing market between 2024 and 2033 benefits from continued public investment in large-scale genomic medicine initiatives and the harmonization of clinical pathways under national genomic strategies. Its growth rate is slightly slower than China's due to a higher baseline penetration and more gradual procurement cycles.

Across all regions, falling technology costs, the progressive integration of sequencing into standard treatment algorithms, and the expansion of clinically validated assays provide long-term structural support for the market, while China's market growth is particularly distinguished by significant infrastructure build-out and the accelerating localization of sequencing platforms and consumables.

*Source: WHO, FDA, NMPA, annual reports of listed companies, expert interviews, CIC*

The chart below illustrates a breakdown of China's high-throughput gene sequencing market by product type, including instrument, consumables and clinical test kits, for the periods indicated.

**China's market size of high-throughput gene sequencing**




*Note:*

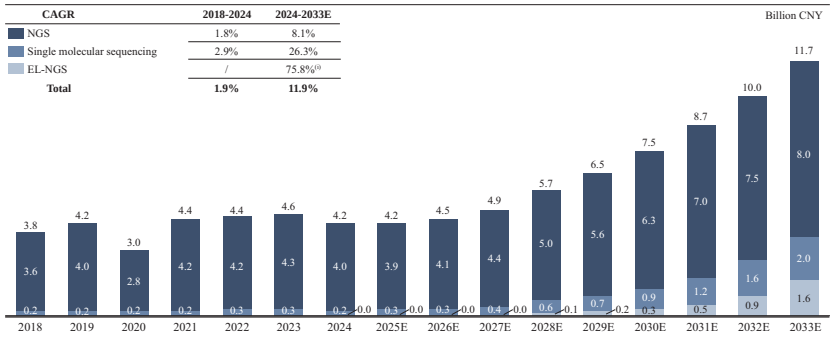
(i) This market size includes high-throughput gene sequencing instruments, consumables, and clinical test kits (excluding the products employing Sanger sequencing technologies) across all applications.

*Source: NMPA, National Health Commission (NHC), NBSC, GACC, annual reports of listed companies, expert interviews, CIC*

### *High-Throughput Gene Sequencing Instrument and Consumables Market*

The chart below illustrates a breakdown of China's high-throughput gene sequencing instrument and consumables market by testing method for the periods indicated.

**China's market size of high-throughput gene sequencing instrument and consumables, by testing method**



*Note:*

(i) The forecasted CAGR of 75.8% for China's high-throughput gene sequencing testing instrument market using EL-NGS technology between 2024 and 2033 is driven by a growing clinical and research demand for higher-resolution variant detection, long-read capabilities, and integrated methylation information, particularly in oncology, hereditary disease, and infectious pathogen genomics. The electrochemical nanopore architecture of EL-NGS enables long-read sequencing using smaller, modular, and more cost-efficient instruments. This design facilitates faster diffusion of the technology beyond top-tier hospitals and supports a rapid scale-up of recurring consumables demand as utilization increases.

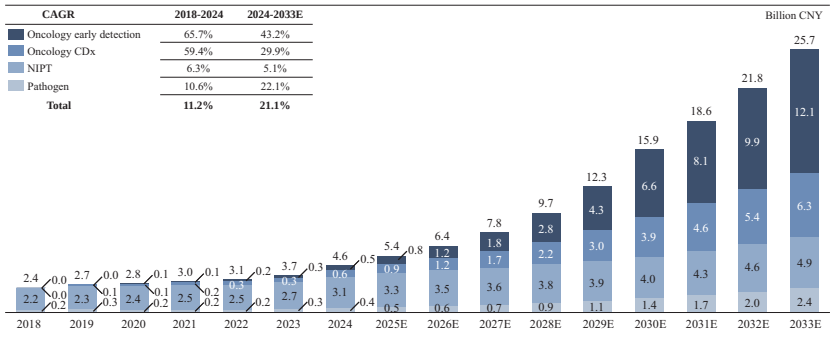
Before 2024, there were essentially no mature commercial EL-NGS products, with only scattered RUO placements and pilot evaluations. The market's trajectory changes from 2024 onwards with the launch of the first commercial-ready EL-NGS platforms in China, initially for RUO applications. As instrument installations accelerate, clinical validation data accumulates, and test menus broaden, the market naturally exhibits a steep early-stage ramp, which is consistent with other advanced testing modalities when they first moved from RUO into clinical use in China.

*Source: CIC*

### *High-Throughput Gene Sequencing Clinical Test Kit Market*

Clinical test kits are typically used alongside corresponding instruments and consumables, with primary applications in oncology early detection, oncology CDx, NIPT and pathogen detection. The chart below presents the market breakdown of China's high-throughput gene sequencing clinical test kits by application for the periods indicated.

**China's market size of high-throughput gene sequencing clinical test kits, by application scenario**




*Source: CIC*

### Competitive Landscape of High-Throughput Gene Sequencing Market

The global high-throughput gene sequencing instrument and consumables market is highly concentrated and dominated by a few multinational biotechnology companies. In 2024, the top five players accounted for an aggregate market share of 94.9%, with Illumina alone capturing a significant share of 71.8%, in terms of their respective revenue in the same year. The table below sets forth the top five players in the global high-throughput gene sequencing instrument and consumables market, as well as their revenues and corresponding market shares in 2024.

| Company | Revenue (billion USD) | Market share (%) |
|---|---|---|
| Illumina | 3.5 | 71.8% |
| Thermo Fisher Scientific | 0.4 | 8.3% |
| MGI | 0.3 | 7.1% |
| Oxford Nanopore Technologies | 0.2 | 4.6% |
| Pacific Biosciences | 0.1 | 3.0% |

*Note:*

(i) Market share represents each company's revenue from gene sequencing instruments, compatible consumables, and after-sales maintenance service in the global high-throughput gene sequencing instrument and consumables market.

*Source: Annual reports of listed companies, JPM conference, expert interviews, CIC*

China's market mirrors the global pattern in concentration, with the top five players collectively capturing 95.8% of the market share by revenue in 2024. While Illumina leads both globally and in China, the market share distribution in China is more balanced than that globally due to MGI's significant presence as a prominent local player. The table below sets forth the top five players in China's high-throughput gene sequencing instrument market, as well as their revenues and corresponding market shares in 2024.

| Company | Revenue (billion RMB) | Market share (%) |
|---|---|---|
| Illumina | 2.0 | 47.0% |
| MGI | 1.7 | 39.0% |
| Thermo Fisher Scientific | 0.2 | 4.3% |
| Oxford Nanopore Technologies | 0.1 | 3.2% |
| Pacific Biosciences | 0.1 | 2.2% |

*Note:*

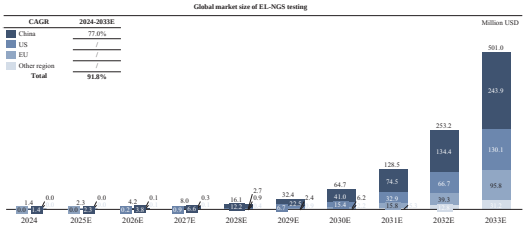
(i) Market share represents each company's revenue from gene sequencing instruments, compatible consumables, and after-sales maintenance service in China's high-throughput gene sequencing instrument and consumables market.

*Source: Annual reports of listed companies, JPM conference, expert interviews, CIC*

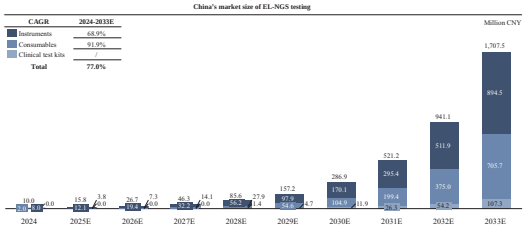
In China, there were 38 high-throughput gene sequencing instruments approved and four in clincial stage or for RUO, as of December 31, 2025. As of the same date, there were 45 high-throughput gene sequencing clinical test kits approved and six in clinical stage or for RUO.

## Overview of EL-NGS Testing

EL-NGS pairs massively parallel sequencing with optimized chemistry to deliver higher throughput, lower cost, and superior accuracy than Sanger sequencing, early-generation NGS, or single-molecule platforms. Its integrated instruments and clinical test kits create a true sample-to-answer workflow that scales easily for routine genomic diagnostics. The charts below illustrate the historical and forecast size of the global and China's EL-NGS testing market for the periods indicated.




*Source: Annual reports of listed companies, expert interviews, CIC*




*Source: NMPA, CMA, NBSC, GACC, annual reports of listed companies, expert interviews, CIC*

As of December 31, 2025, all gene sequencing instruments adopting EL-NGS technology are still in development or categorized as research use only (RUO), and no related clinical test kits have yet progressed to clinical trials. In China, there were nil EL-NGS testing instrument approved and only two currently in clinical stage or for RUO; there were nil EL-NGS testing kits approved, in clinical stage, or for RUO, as of December 31, 2025. The table below sets forth the major EL-NGS gene sequencing instruments globally as of December 31, 2025.

**Major EL-NGS gene sequencing instruments**

| Company | Product name | Technical Approach | Development stage |
|---|---|---|---|
| Axbio | AXP-100 | Single-Base Nanopore Sequencing Technology (Nanopore Sequencing-by-Synthesis) | RUO |
| Geneus Technologies | G-seg500<br>G-seg1M | Single-Base Nanopore Sequencing Technology (Nanopore Sequencing-by-Synthesis) | RUO |
| Roche<br>Genia Technologies<br>Stratos Genomics | / | Sequencing by expansion (SBX) | Under development |
| INanoBio Inc. | / | Semiconductor nanopore technology for sequencing | Under development |
| Electronic BioSciences (EBS) | / | Low noise electronics design and novel nanopore platforms | Under development |

*Source: Company official websites, literature review, CIC*

**Growth Drivers and Future Trends of Gene Sequencing Market**

The growth of the gene sequencing market is expected to be driven and shaped by the following factors:

- ***Continuous technological advancements and AI integration.*** Rapid advancements in sequencing technologies have enhanced accuracy, speed and cost-effectiveness, and the emergence of more affordable platforms is supporting broader adoption of genetic testing. AI integration is also expected to enhance accuracy, reduce errors and optimize sequencing processes.

- ***Regulatory and investment support.*** Governments and regulatory bodies are increasingly recognizing the importance of genetic testing in healthcare. For example, China's 14th Five-Year Plan (《「十四五」規劃》) identifies gene sequencing as a strategic industry, while the 21st Century Cures Act in the U.S. supports the development of genomic technologies through policies and funding. In addition, investment from governments, private organizations and academic institutions continues to advance sequencing precision, affordability and innovation.

- ***Rising demand for personalized medicine and broader clinical adoption.*** By enabling the comprehensive identification of genetic variants in both monogenic and polygenic diseases, gene sequencing technologies are playing an important role in personalized medicine, driving adoption and supporting market expansion. The expansion of the POCT market is also supporting the adoption of portable, cost-effective and efficient sequencing technologies across diverse healthcare settings.

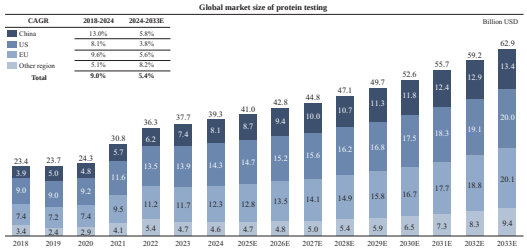
- ***Expansion on bioinformatics, cloud solutions and EL-NGS adoption.*** Leading companies are expanding beyond sequencing equipment to include reagents, consumables and bioinformatics tools, while advances in sequencing and the broader adoption of NGS and omics technologies are generating large datasets that support the development of cloud-based sequencing solutions. EL-NGS also offers advantages in resolving repetitive genetic regions and reducing sequencing costs, and its integration with biochip technology may support further miniaturization and portability.

## OVERVIEW OF PROTEIN TESTING MARKET

Protein testing technology refers to a range of techniques used to measure and analyze protein levels in biological samples, such as blood, plasma, serum, or urine, providing insights into disease mechanisms and enabling more accurate diagnosis and personalized treatment. Widely utilized techniques include enzyme-linked immunosorbent assay (ELISA), chemiluminescence, immunofluorescence, Western blot, mass spectrometry, and protein-microarray.

### Protein Testing Market Size

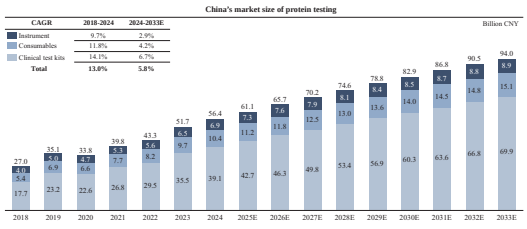
The global protein testing market grew from US$23.4 billion in 2018 to US$39.3 billion in 2024, reflecting a CAGR of 9.0%, which is expected to reach US$62.9 billion in 2033, with a CAGR of 5.4% between 2024 and 2033. The charts below illustrate the historical and forecast size of the global and China's protein testing markets for the periods indicated.




*Note:*

(i) This market size includes protein testing instruments, consumables, and clinical test kits across all applications.

*Source: WHO, FDA, NMPA, annual reports of listed companies, expert interviews, CIC*

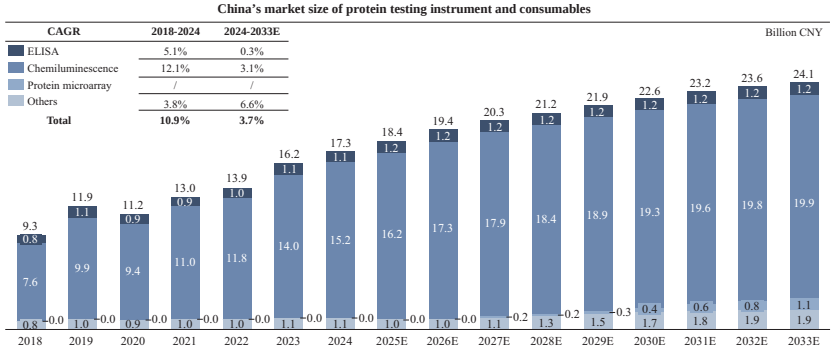



*Note:*

(i) This market size includes protein testing instruments, consumables, and clinical test kits across all applications.

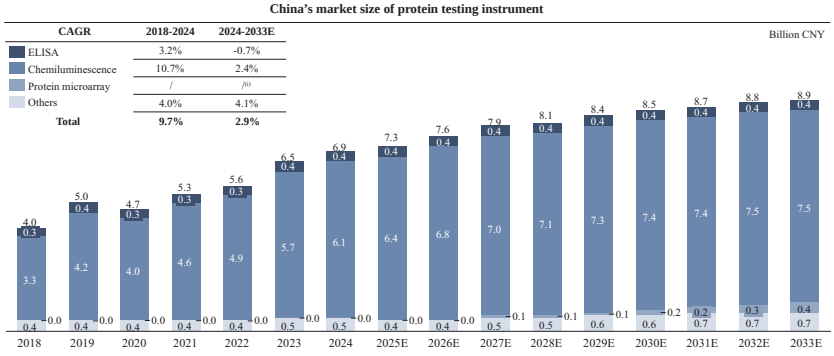
*Source: NMPA, NHC, annual reports of listed companies, expert interviews, CIC*

By testing method, chemiluminescent immunoassays dominate China's protein testing instrument and consumables market, with ELISA as a sizeable but smaller segment, and protein microarrays currently occupying only a small share. The chart below illustrates a breakdown of China's protein testing instrument and consumables market by testing method for the periods indicated.




*Source: WHO, FDA, NMPA, annual reports of listed companies, expert interviews, CIC*

The chart below illustrates a breakdown of China's protein testing instrument market by testing method for the periods indicated.




*Note:*

(i) The forecasted CAGR for China's protein testing instrument market using protein microarray technology between 2027 and 2033 is 38.2%. The protein testing market is relatively mature and is currently dominated by chemiluminescence-based methods, whereas protein microarray testing is expected to begin commercial penetration around 2027. Compared with chemiluminescence, protein microarray testing can directly convert antigen-antibody binding events into quantifiable signals, reducing reliance on enzyme-driven luminescent substrates and optical signal-acquisition chains. This shortens the signal-transduction pathway, enhances compatibility and anti-interference performance in complex matrices such as serum, supports real-time kinetic monitoring to generate dynamic data, and is more conducive to miniaturization and system integration. Compared with ELISA, protein microarrays are better suited for early screening of ultra-low-abundance biomarkers, and are expected to enable rapid testing and broader deployment in rapid testing settings through portable implementations. In single-cell profiling and in situ monitoring for research and drug development, they can also provide dynamic and single-cell-level information that is difficult to obtain with ELISA.

Building on these differentiated capabilities, protein microarray testing is expected to expand into a broad range of scenarios, including home-based chronic disease management and sports health monitoring, rapid multi-marker testing for emergency triage and screening, and research and clinical applications such as immunotherapy target screening and stem cell differentiation monitoring, and further extend to use cases with higher requirements for portability and environmental adaptability, such as battlefield rescue, field research and screening in remote areas. As a result, it is positioned as a solution that combines high sensitivity, rapid testing, low sample-volume requirements and potential cost advantages at scale, thereby supporting rapid penetration and a high forecast CAGR.

*Source: Annual reports of listed companies, expert interviews, CIC*

## Growth Drivers and Future Trends of Protein Testing Market

The growth of the protein testing market is expected to be driven and shaped by the following factors:

- ***Growing prevalence of chronic diseases.*** Chronic diseases associated with elevated C-reactive protein levels, such as rheumatoid arthritis, inflammatory bowel disease, cancer, and cardiovascular conditions, are becoming increasingly prevalent. The growing incidence is driving the use of proteomic profiling for the discovery and validation of disease-specific biomarkers, thereby fueling demand for advanced protein testing technologies.

- ***Technological advancements and multi-omics integration.*** Advances in bioinformatics, artificial intelligence and big data technologies are improving the accuracy of protein analysis and streamlining protein structure prediction and functional analysis, thereby shortening research and development timelines. At the same time, the integration of proteomics with genomics, transcriptomics, epigenetics and metabolomics is enabling a more comprehensive molecular understanding of disease and supporting the development of precision medicine.

- ***Pursue of sustainable development.*** Degradation enzymes play a key role in sustainable development by offering great potential to address plastic waste. Environmental microbial protein sequencing is essential for identifying and optimizing novel degradation enzymes and enhancing the recycling process.

### Protein Sequencing

As a specialized approach within the broader protein testing segment, protein sequencing is the process of determining the amino acid sequence of all or part of a protein or peptide, which has become an essential tool to advance both medicine and biology. Key protein sequencing methods include Edman degradation sequencing, mass spectrometry-based sequencing, next-generation protein sequencing, and electrochemical long-read next-generation protein sequencing. The following table provides an overview of the principles of these methods.

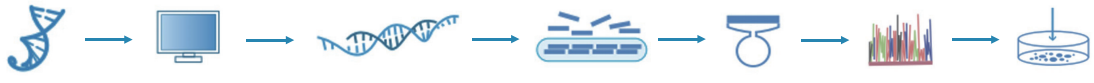
| Classification | Edman Degradation Sequencing | Mass Spectrometry-based Sequencing | Next-generation Protein Sequencing | Electrochemistry long-reading Next-generation protein sequencing |
|---|---|---|---|---|
| Working principles | The Edman degradation method sequentially identifies amino acids from a protein's N-terminus. It uses phenyl isothiocyanate (PITC) to form a phenylthiocarbamoyl derivative, which is then cleaved to release the N-terminal amino acid as a phenylthiohydantoin for identification. This cycle repeats to determine the protein sequence | Mass Spectrometry-based Sequencing ionizes molecules, generating charged ions. These ions are separated by their mass-to-charge ratio in an electric or magnetic field. The resulting mass spectrum is analyzed to determine the molecular weight and structure of the analytes, enabling sequence determination | Capture the fluorescent signal from each N-terminal amino acid (NAA) binding event. Aminopeptidases cleave each N-terminal amino acid, exposing the next N terminal amino acid for recognition. The process repeats until the entire peptide is sequenced | Electrochemistry long-reading Next-generation protein sequencing Involves threading modified single molecule protein strands into a nanopore and using electrophoresis to control their movement. The ionic current changes as each amino acid passes through the pore are detected and analyzed to determine the protein sequence |
| Applications | Protein structure and function studies, biopharmaceutical development, and protein engineering and mutation analysis | Used for identifying proteins, sequencing novel ones, discovering biomarkers, and diagnosing diseases like dementia, diabetes, multiple myeloma, and celiac disease | Used for high-throughput sequencing single-coll proteomics, dynamic proteomics, and disease diagnosis, but its application is still low due to challenges such as sensitivity and cost | Protein sequencing<br>high-throughput drug development<br>Biomarkers discovery Longevity evaluation |

*Source: Literature review, CIC*

## OVERVIEW OF GENE SYNTHESIS MARKET

### Overview of Gene Synthesis

Gene synthesis is the process of artificially creating a gene or a DNA sequence in the laboratory using chemical or enzymatic methods. This technique allows for the design and construction of custom genes with precise nucleotide sequences, enabling applications across various fields, including basic research, biotechnology, gene therapy, and synthetic biology. The following chart illustrates the process of gene synthesis.




*Source: Literature review, CIC*

### Type of Gene Synthesis

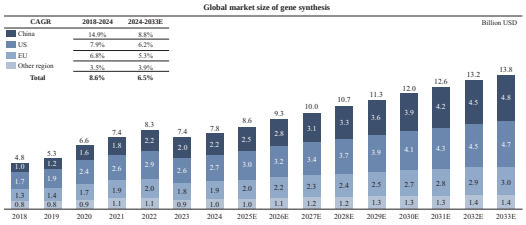
The major types of gene synthesis include column-based synthesis, microarray-based synthesis, and enzymatic synthesis. The following table illustrates a comparison of different types of gene synthesizer.

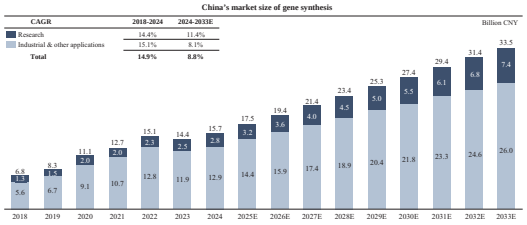
| Type of synthesizer | Technical principle | Error rate | Flexibility | Scalability | Cost | Toxic chemicals | Development constraints |
|---|---|---|---|---|---|---|---|
| **Column-based synthesizer** | Phosphoramidite | ◔ | ◔ | ◔ | ◑ | ◕ | High synthesis cost; difficult to develop synthesis instruments |
| **Microarray-based synthesizers** | Photolithography<br>Electrochemical<br>Ink-jet printing | ◑ | ◔ | ◑ | ◔ | ◔ | High technology threshold; patent threshold |
| **Enzymatic Synthesizers** | Enzyme catalysis | ◔ | ◕ | ◕ | ● | ◔ | Low technology maturity |

*Source: Literature review, CIC*

## Gene Synthesis Market Size

The global market size of gene synthesis grew from US$4.8 billion in 2018 to US$7.8 billion in 2024, reflecting a CAGR of 8.6%, which is expected to reach US$13.8 billion in 2033, with a CAGR of 6.5% between 2024 and 2033. The charts below illustrate the historical and forecast size of the global and China's gene synthesis markets for the periods indicated.




*Note:*

(i) This market size includes global oligo synthesis, gene synthesis, and gene synthesis sequencing.

*Source: Annual reports of listed companies, expert interviews, CIC*

*Note:*

(i) This market size includes global oligo synthesis, gene synthesis, and gene synthesis sequencing.

*Source: Annual reports of listed companies, expert interviews, CIC*

## Growth Drivers and Future Trends of Gene Synthesis Market

The growth of the gene synthesis market is expected to be driven and shaped by the following factors:

- ***Technology innovation.*** Innovations such as gene editing technologies, standardization of genetic components, microbial chassis engineering, and the development of cell factories are expanding the capabilities of gene synthesis. The integration of AI and machine learning is significantly reducing design time and accelerating progress in synthetic biology, enabling more precise and efficient gene synthesis methods.

- ***Policy support.*** China has implemented a series of supportive policies for the gene synthesis industry, including national-level programs such as the "Synthetic Biology" special research initiative and key projects, as well as provincial-level support for synthetic biology enterprises.

- ***Rising demand from research and industrial market.*** The growing application of biotechnologies like synthetic biology, liquid biopsy, and cell immunotherapy is driving an industrial shift. Simultaneously, the needs of pharmaceutical companies for gene therapy and vaccine development are boosting demand, particularly for vector and gene fragment design.

## SOURCE OF INFORMATION

We engaged CIC, a market research consultant, to prepare the CIC Report for use in this document. The information from CIC disclosed in this document is extracted from the CIC Report and is disclosed with the consent of CIC. In preparing the CIC Report, CIC collected and reviewed publicly available data such as government-derived information, annual reports, trade and medical journals, industry reports and other available information gathered by not-for-profit organizations as well as market data collected by conducting interviews with industry key opinion leaders. The CIC Report assumes a stable regulatory environment and presumes that no major geopolitical events will significantly disrupt global supply chains during the forecast period. CIC further assumes stable economic growth in China and worldwide and presumes that no pandemic or similar public health emergency will occur during the forecast period. We agreed to pay CIC a fee of RMB780,160 for the preparation and update of the CIC Report, which is not contingent on the [**REDACTED**] proceeding.

## RELEVANT LAWS AND REGULATIONS IN THE PRC

### Regulation of Medical Devices

#### *Classification of Medical Devices*

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) (the **Medical Devices Regulation**"), promulgated by the State Council and effective from November 12, 2004, latest amended on December 6, 2024 and came into effect on January 20, 2025, and the Administrative Measures of Registration and Filing of In-vitro Diagnostic Reagents (《體外診斷試劑註冊與備案管理辦法》), promulgated by the SAMR and effective from October 1, 2021, medical devices, including in-vitro diagnostic reagents, are classified into three different categories, Class I, II and III on the basis of their respective degrees of risk. Medical devices of Class I refer to such devices with low level of risk, the safety and effectiveness of which can be ensured through routine administration. Medical devices of Class II refer to such devices with medium level of risk, the safety and effectiveness of which shall be strictly controlled. Medical devices of Class III refer to such devices with high level of risk, the safety and effectiveness of which shall be guaranteed and be subject to strict control through special administrative measures. The term "in-vitro diagnostic reagents" referred to in these measures denotes in-vitro diagnostic reagents regulated as medical devices. This includes reagents, test kits, calibrators, controls, and other products used for the in-vitro examination of human samples in processes such as disease prediction, prevention, diagnosis, treatment monitoring, prognosis observation, and health status assessment. These products may be used individually or in combination with instruments, appliances, equipment, or systems. The Notice of Strengthening the Administration of Products and Technologies Relating to Clinical Gene Sequencing (《關於加強臨床使用基因測序相關產品和技術管理的通知》), jointly promulgated by China Food and Drug Administration ("**CFDA**") and National Health and Family Planning Commission ("**NHFPC**"), and effective from February 9, 2014, further provides that gene sequencing diagnostic products, including gene sequencers and relevant diagnostic reagents and software, shall be regulated as medical devices.

In particular, *in-vitro* diagnostic reagents and test kits intended to be used in conjunction with instruments such as EL-100 and AXP-100 constitute a distinct category of medical devices and share the same overarching regulatory framework for registration and filing requirements under the PRC regulatory framework, but they are governed by more detailed and specific regulations in areas such as classification rules, documentation requirements for registration, and clinical evaluation. Based on their intended use and risk classification, such test kits will be classified as Class III medical devices. Each test kit must undergo clinical evaluation unless covered by the Exemption Catalogue or other applicable waiver conditions, and be registered independently from the instrument with the National Medical Products Administration (NMPA). In addition, the compatibility between the test kit and the instrument must be clearly demonstrated in the registration dossier, including validation data on analytical performance, software integration, and workflow consistency. Where a test kit is co-developed with a specific instrument, the regulatory authorities may require joint testing or bundled submission.

The Medical Device Classification Rules (《醫療器械分類規則》) (The "**2015 Rule**"), promulgated by CFDA on July 14, 2015 and took effect on January 1, 2016, establish explicit and detailed criteria for device categorization, providing enterprises with a standardized classification decision matrix that first segments medical devices into: (1) devices contacting the human body, and (2) devices not contacting the human body; these are then subclassified according to structural characteristics as either non-active medical devices or active medical devices, enabling manufacturers to definitively determine product classification through this matrix and subsequently initiate corresponding registration and filing procedures. However, the NMPA promulgated the Revised Draft for the Medical Device Classification Rules (The "**2025 Draft**") on April 7, 2025, which introduce four critical revisions compared to the 2015 Rule: (1) refined classification criteria incorporating technical characteristics and usage scenarios with a risk quantification scoring matrix; (2) dynamic adjustment mechanisms

mandating annual updates to the classification catalogue and establishing a reclassification request pathway for enterprises to challenge disputed categorizations; (3) clarified regulatory responsibilities implementing a three-tiered governance structure where the NMPA oversees macro-level decision-making, the Classification Technical Committee provides expert support, and provincial authorities operate designated advisory portals to expedite enterprise consultations; and (4) enhanced manufacturer accountability requiring proactive classification self-assessment during R&D stages with mandatory justification in registration dossiers. Therefore, if the 2025 Draft takes effect thereafter, our existing and future products will be regulated by the provisions of the 2025 Draft and be classified based on its new classification matrix.

Pursuant to the Guiding Principles for the Classification of Next-Generation Sequencing-Related In Vitro Diagnostic Reagents (《二代基因測序相關體外診斷試劑分類界定指導原則》) (The "**Guiding Principle**"), promulgated by the National Medical Products Administration ("**NMPA**") and took effect on June 9, 2025, (1) nucleic acid extraction kits (e.g., column/bead-based isolators without target-specific components) are classified as Class I due to routine low-risk sample processing functions; (2) library preparation kits (incorporating target-specific oligos for adapter ligation and enrichment) universally qualify as Class III given their critical impact on diagnostic accuracy; and (3) sequencing reagents (platform-specific chemistry like reversible terminators or semiconductor sequencing cocktails, excluding library construction elements) retain Class I status provided they are strictly limited to signal detection and specify compatible NMPA-certified instruments. The Guiding Principle mandates integrated Class III registration for combined library prep and sequencing reagent systems, while permitting modular submissions only with documented technical demarcation and instrument linkage; crucially, it excludes non-NGS technologies and imposes a transition deadline of January 1, 2027 for reclassification or market withdrawal of non-compliant legacy products (particularly misclassified sequencing reagents), aligning with the Administrative Measures of Registration and Filing of In-vitro Diagnostic Reagents.

***Registration and Filing of Medical Devices***

Pursuant to the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) promulgated by the SAMR and took effect on January 20, 2025, and the Administrative Measures of Registration and Filing of In-vitro Diagnostic Reagents (《體外診斷試劑註冊與備案管理辦法》), promulgated by the SAMR and effective from October 1, 2021, for the filings of Class I medical devices (including in-vitro diagnostic reagents), the filing materials shall be submitted to the drug regulatory authority at the municipal level. In case of any amendments made to matters stated in the filings, such amendments shall be filed with the original filing department. Class II and Class III medical devices (including in-vitro diagnostic reagents) must obtain their respective product registrations before they can be marketed and sold in China. Class II medical devices (including in-vitro diagnostic reagents) shall be examined by the provincial branches of the NMPA and Class III medical devices (including in-vitro diagnostic reagents) shall be examined by the NMPA, and a Medical Device Registration Certificate (醫療器械註冊證) for such medical device (including in-vitro diagnostic reagents) shall be issued upon approval. In case of any substantial changes of the designs, raw materials, production technologies, scopes of application and application methods, among other things, of the registered Class II or Class III medical devices (including in-vitro diagnostic reagents), which may affect the safety and effectiveness of such medical devices (including in-vitro diagnostic reagents), the registrants shall submit the application for change of registration with the original registration departments within 30 days. The Medical Device Registration Certificate is valid for five years and the registrant shall file for renewal with the NMPA at least six months prior to its expiration date.

***Special Procedures for Examination and Approval of Innovative Medical Devices***

On October 8, 2017, the General Office of the CPC Central Committee (中共中央辦公廳) and the General Office of the State Council (國務院辦公廳) issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and

Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "**Opinions**"), which aims to encourage the innovation for medical devices. Pursuant to the Opinions, the priority review and approval will be applicable to innovative medical devices supported by the National Science and Technology Major Projects (國家科技重大專項) and the National Key R&D Program of China (國家重點研發計劃支持項目), and the clinical trials of which having been conducted by the National Clinical Research Center (國家臨床醫學研究中心) and approved by the management department of the National Clinical Research Center.

Pursuant to the Special Procedures for Examination and Approval of Innovative Medical Devices (《創新醫療器械特別審查程序》) promulgated by the NMPA on November 2, 2018, which came into effect on December 1, 2018, special procedures shall be applicable to the examination and approval for medical devices in the following circumstances: (1) the applicant legally owns the invention patent of the core technology of the product through its technological innovation activities in the PRC, or legally obtained the invention patent or the right of use thereof through transfer in the PRC, and the interval between the date of application for the special examination and approval of innovative medical devices to the date of authorized publication should not exceed five years; or the patent administration department of the State Council has disclosed the application for the invention patent of the core technology and the Patent Search and Consultation Center of the National Intellectual Property Administration of the PRC (國家知識產權局專利檢索諮詢中心) has issued the patent search report setting out the novelty and innovation of the core technology solution of the product; (2) the applicant has developed the prototype product and completed the preliminary research under a true and controllable process that generated complete and traceable data; (3) the product has major working mechanism or mechanism of action which is the first of its kind in the PRC, has fundamental improvement in product performance or safety compared with similar products, is of an internationally leading standard in terms of techniques and has significant clinical value. The Center for Medical Device Evaluation of the NMPA (國家藥品監督管理局醫療器械技術審評中心) should give priority to the innovative medical devices in their technical review upon receiving the registration application, after which the NMPA will give priority to the product in their administrative approval.

***Clinical Evaluation and Clinical Trials of Medical Devices***

According to the Medical Devices Regulation and the Administrative Measures for the Registration and Filing of Medical Devices, clinical evaluation is required for the registration and filing of medical devices. Clinical evaluation of medical devices refers to activities in which clinical data are analyzed and evaluated by adopting scientific and reasonable methods to confirm the safety and effectiveness of medical devices within the scope of application. However, clinical evaluation may be exempted under any of the following circumstances:

- the medical device has clear and definite working mechanisms, finalized designs and mature manufacturing techniques, the marketed medical devices of the same category have been put into clinical application for years with no record of severe adverse event, and their general purposes remain unchanged;

- the safety and effectiveness of such medical devices can be proved through non-clinical evaluation.

Clinical evaluation of medical devices may be carried out through clinical trials or analysis and evaluation of clinical literature materials and clinical data of medical devices of the same kind to prove the safety and effectiveness of medical devices in light of product characteristics, clinical risks, existing clinical data and other circumstances. Pursuant to the Notice on Release of Catalogue of Medical Devices Exempted from Clinical Evaluation (《關於發佈免於臨床評價醫療器械目錄的通告》) (the "**Exemption Catalogue**") issued by the NMPA on July 20, 2023 and came into effect on July 20, 2023, for medical devices that are not included in the Exemption Catalogue, clinical evaluations shall be conducted before the registration or filing.

Clinical trials shall be conducted in accordance with the Good Clinical Practice for Medical Device Trials (《醫療器械臨床試驗質量管理規範》) (the "**Good Clinical Practice**"),

which was issued by the NMPA and the National Health Commission ("**NHC**") jointly on March 24, 2022 and came into effect on May 1, 2022. The Good Clinical Practice set forth the necessary procedures of clinical trials for medical devices, including, among others, the protocol design, conduct, monitoring, verification, inspection, and data collection, recording, analysis and conclusion and reporting procedure of a clinical trial. Prior to commencement of a clinical trial, the applicant must complete the pre-clinical research of the medical device, including product performance verification and confirmation, product inspection report based on the technical requirements, risk-benefit analysis, the results of which should support the clinical trial. Prior to the commencement of a clinical trial, approval by the ethics committees of the relevant clinical trial organization should be obtained and the applicant, the clinical trial organization and the principal investigators must enter into agreements in writing to arrange their rights and obligations during the trial.

***Operation Permit and GSP for Medical Devices***

Pursuant to the Medical Devices Regulation and the Administrative Measures for Operation of Medical Devices (《醫療器械經營監督管理辦法》) (the "**Medical Devices Operation Measures**"), promulgated by CFDA, and latest amended on March 10, 2022 and effective from May 1, 2022, an entity engaging in the operation of medical devices of Class I is not required to obtain approval or filing for record with the NMPA, or its local counterparts; an entity engaging in the operation of medical devices of Class II shall file for record with the NMPA at municipal level where such entity is located; an entity engaging in the operation of medical devices of Class III shall apply for an operation permit from the NMPA at municipal level. The operation permit of medical devices is valid for five years and the holder of such permit shall apply for extension within 30 to 90 working days prior to its expiration. According to the Medical Devices Regulation, any entity shall not sell or use medical devices which are not properly registered or filed with the NMPA or its local counterparts. In addition, according to the Medical Devices Operation Measures, no additional operation permit or filing is required for any registered holder or record holder of medical devices or manufacturer of medical devices if it sells the medical devices at the place where it is domiciled or where the medical devices are manufactured.

Pursuant to the Good Sales Practice of Medical Devices (《醫療器械經營質量管理規範》) promulgated by CFDA and effective from July 1, 2024, an entity engaging in the procurement, acceptance, preservation, sales, transportation and after-sales of medical devices shall take effective quality control measures so as to ensure the quality and safety of products in the process of business operations.

***Production Permit and GMP for Medical Devices***

The Measures on the Supervision and Administration of Medical Devices Production (《醫療器械生產監督管理辦法》) (the "**Measures on Medical Devices Production**"), which was promulgated on March 10, 2022 and came into effect on May 1, 2022, stipulates that manufacturer of medical devices shall satisfy the following conditions:

- it has production sites, environmental conditions, production equipment and professional technicians that are suitable for such medical devices to be produced;
- it has organizations or professional examination staffs and examination equipment for carrying out quality examinations for such medical devices to be produced;
- it has formulated a management system that ensures the quality of the medical device;
- it has the capability of after-sale services that is suitable for such medical devices to be produced; and
- it satisfies the requirements as prescribed in R&D and production technique documents.

Medical device manufacturers shall be responsible for the quality of medical devices they manufacture. The enterprises engaging in the production of Class I medical devices shall make filings for such Class I medical devices with the local drug regulatory authority at the municipal level and submit materials to prove that it is qualified to engage in the production of such medical devices. The enterprises engaging in the production of Class II or Class III medical devices shall apply for a Manufacture License for Medical Devices (醫療器械生產許可證) with provincial branches of the NMPA, and submit materials proving it is qualified to engage in the production of such medical devices and a Medical Device Registration Certificate for the production of such medical devices. A Manufacture License for Medical Devices is valid for five years and the registrant shall file for renewal application with the original branch of the NMPA at least six months prior to its expiration date.

Pursuant to the Good Manufacturing Practice of Medical Devices (《醫療器械生產質量管理規範》) promulgated by China Food and Drug Administration, or CFDA on December 29, 2014 and effective from March 1, 2015, the manufacturer of medical devices shall abide by the requirements of these measures in the process of design, development, production, sales and after-sales service of medical devices. The manufacturer of medical devices shall, in accordance with the requirements of these measures and, having taken into account product characteristics, establish and improve a quality management system that is compatible with the medical devices produced, and ensure their effective operation. The manufacturer of medical devices shall implement risk management throughout the entire process of design development, production, sales and after-sales service, for which the measures taken should be proportionate to the risks of the products.

***Importation and Exportation of Medical Devices***

Pursuant to the Tariff Law of the PRC (《中華人民共和國關税法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on April 26, 2024 and came into effect on December 1, 2024, tariffs on goods permitted for import and export and articles entering the country shall be levied by the Customs. The relevant authorities have the authority to adjust the imposed tariff rates in accordance with the provisions of the Tariff Law and relevant laws and regulations.

According to the Administrative Provisions on the Filing of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs of the PRC on November 19, 2021 and came into effect on January 1, 2022, consignors or consignees of imported or exported goods or customs declaration enterprises that apply for filing shall obtain market entity qualifications.

Pursuant to the Regulations on the Administration of Export Sales Certificates of Medical Device Product (《醫療器械產品出口銷售證明管理規定》) promulgated by the NMPA on June 1, 2015 and came into effect on September 1, 2015, if the registration certificate for a medical device product and production permit for a medical device product has been obtained in China, or the medical device product registration and production recordation have been completed, the food and drug supervision and administration department may issue a Medical Device Product Export Sales Certificate (醫療器械產品出口銷售證明) to the relevant manufacturing enterprise. The validity term of the Medical Device Product Export Sales Certificate should not exceed the earliest deadline for the various documents submitted by the enterprise in the application materials, and the maximum validity term shall also not exceed two years.

**Regulation of RUO products**

Pursuant to the Article 15 of the Trial Administrative Measures for the Registration of In Vitro Diagnostic Reagents (Administrative Measures for the Registration of in Vitro Diagnostic Reagents (Trial)) promulgated by China Food and Drug Administration and expired on August 1, 2014, products intended solely for research and not for clinical diagnosis are exempt from registration requirements. However, their instructions and packaging labels must clearly state "For Research Use Only ("**RUO**"), Not for Clinical Diagnosis."

Also, pursuant to Article 53 of the latest Regulations on the Supervision and Administration of Medical Devices (Revised in 2021) issued by the State Council, for in vitro diagnostic reagents of the same variety that have not yet been marketed domestically, medical institutions that meet the conditions may, based on their clinical needs, independently develop them and use them within their own units under the guidance of practicing physicians. The specific management measures shall be formulated by the drug regulatory department of the State Council in conjunction with the health administrative department of the State Council.

Beyond this, no regulations exist within PRC governing the sale of medical devices only for research purposes. Furthermore, given that the RUO products sold by the Company are not intended for clinical diagnosis, the RUO products sold to customers and sales behavior comply in all material respects with relevant PRC laws and regulations.

**Regulation of LDT**

Pursuant to the Trial Technical Guidelines for the Application of Sequencing Technology in Personalized Medicine (《测序技術的個體化醫學檢測應用技術指南(試行)》) promulgated by the National Health and Family Planning Commission in 2015, LDT was defined as "testing projects used exclusively within a laboratory, not sold to other laboratories or medical institutions, but whose results can guide clinical diagnosis and treatment."

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) amended by the State Council on February 9, 2021, qualified medical institutions may independently develop in vitro diagnostic reagents that are not yet available domestically, based on their clinical needs, for use within their own facilities under the guidance of licensed physicians. This provision establishes the legal status of compliant LDT operations at the administrative regulation level.

Pursuant to the "Opinions of The General Office of the State Council on Comprehensively Deepening the Reform of Drug and Medical Device Supervision and Promoting High-Quality Development of the Pharmaceutical Industry" (《國務院辦公廳關於全面深化藥品醫療器械監管改革促進醫藥產業高質量發展的意見》), high-level medical institutions are encouraged to independently develop and use rare disease diagnostic reagents for which there are no similar varieties available on the domestic market yet.

In December 2022, the General Administration of Market Regulation and the National Health Commission jointly issued the "Notice on Launching Pilot Programs for Medical Institutions to Independently Develop and Use In Vitro Diagnostic Reagents" (《關於開展醫療機構自行研制使用體外診斷試劑試點工作的通知》), designating six hospitals including Peking Union Medical College Hospital and four medical institutions in Shanghai to conduct pilot initiatives. The issuance of this document signifies that China's regulatory oversight of the LDT industry has entered the implementation phase.

In July 2025, the Comprehensive Department of the National Medical Products Administration and the National Health Commission jointly issued the "Notice on Launching the Second Batch of Pilot Programs for Medical Institutions to Independently Develop and Use In Vitro Diagnostic Reagents" (《關於開展第二批醫療機構自行研制使用體外診斷試劑試點工作的通知》), designating 18 hospitals including Beijing Children's Hospital Affiliated to Capital Medical University to conduct pilot programs, further advancing the regulation of the LDT industry.

In summary, regulations related to LDT have not yet formed a complete system in the PRC, and related businesses are currently in the pilot phase. For the Company, its products currently do not involve any LDT-related business. Should it become involved in LDT business in the future, it will strictly adhere to the aforementioned regulations.

**Regulation of Human Genetic Resources**

The Interim Administrative Measures on Human Genetic Resources (《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology ("**MOST**"), and the Ministry of Health in June 1998, aiming at protecting and utilizing human genetic resources in the PRC. The MOST promulgated the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) in July 2015, according to which, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system. The MOST further promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017, which became effective in December 2017 and simplified the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC.

The Regulation for the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》), promulgated by the State Council on March 1, 2024, and effective from May 1, 2024, regulates entities engaging in collection, preservation, utilization and outbound provision of human genetic resources. Human genetic resources include (i) human genetic resources materials, such as organs, tissues and cells that contain hereditary substances such as human genomes genes, and (ii) human genetic resources information, such as data generated from human genetic resources.

Pursuant to the HGR Regulation, collection and preservation of human substances such as organs, tissues and cells and carrying out related activities for clinical diagnosis and treatment, blood collection and supply services, crime investigation, doping detection and funeral and interment shall be subject to other applicable laws and regulations.

Pursuant to the HGR Regulation, foreign entities, individuals and such entities established or actually controlled thereby (each, a "**Restricted Entity**") shall not, within the territory of China, collect or preserve human genetic resources of China, nor provide human genetic resources of China outward across the border; while a foreign entity is allowed to conduct scientific research activities by utilizing human genetic resources of China through cooperation with scientific research institutions, higher education institutions, medical institutions or enterprises of China (each, a "**Domestic Entity**"). The utilization of the human genetic resources of China in any international cooperative scientific research is subject to approval by the MOST. However, the aforesaid approval is not required, but instead, a filing for record with the MOST is required, if human genetic resources of China are utilized for international cooperative clinical trials without any outbound provision of human genetic resources, to obtain product registration of relevant medicine and medical device in China.

On May 26, 2023, the MOST released the Implementation Rules of the Administrative Regulations on Human Genetic Resources (《人類遺傳資源管理條例實施細則》), which came into effect on July 1, 2023. The Implementation Rules of the Administrative Regulations on Human Genetic Resources further clarified the regulatory requirements and details for the Regulation for the Administration of Human Genetic Resources of the PRC, including but not limited to,

- clarifying the scope of human genetic resource information, which shall include information resources generated from human genetic resource materials (such as human genes and genome data) and exclude clinical data, image data, protein data and metabolic data;

- further clarifying the criteria to constitute a foreign entity, which shall include (a) any foreign organization or individual that holds directly or indirectly more than 50% of the shares, equity interests, voting rights, property shares or other

interests in the institution, (b) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through its voting right or other interests, although the shares, equity interests, voting rights, property share or other interests it directly or indirectly holds in the institution is less than 50%, (c) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through investment relationship, contract or other arrangement, and (iv) other situations stipulated by laws, regulations and rules;

- optimizing the scope of administrative licensing and filing, and clarifying that the collection activities involved in clinical trials for the purpose of obtaining permission for the market authorization of relevant medicines and medical devices in China need not apply for collection approval, etc.

Our Group's current overseas operations only involve the sharing of R&D progress, product specifications, and performance study reports with overseas entities, solely for the purpose of synchronizing R&D initiatives and providing technical support. For clarity, these activities do not involve any cross-border transfer of any personal information related to trial subjects. As advised by our PRC Legal Advisor, our Group is in compliance with relevant laws and regulations regarding human genetic resources in all material respects.

**Regulation of Pathogenic Microorganism Laboratories**

Pursuant to the Regulations on Administration of Bio-safety in Pathogenic Microorganism Laboratories (《病原微生物實驗室生物安全管理條例》), promulgated by the State Council and effective from November 12, 2004, latest amended on December 6, 2024 and came into effect on January 20, 2025, pathogenic microorganism laboratories are classified into four levels, namely bio-safety levels 1, 2, 3 and 4 in terms of bio-safety protection levels in accordance with national standards on bio-safety of laboratories. Laboratories at bio-safety levels 1 and 2 shall not engage in laboratory activities related to highly pathogenic microorganisms. The construction, alternation or expansion of a laboratory at bio-safety level 1 or 2 shall be filed for record with the local counterparts of NHC. The entity launched a pathogenic microorganism laboratory shall develop a scientific and strict management system, regularly inspect the implementation of the regulations on bio-safety, and regularly inspect, maintain and update the facilities, equipment and materials in the laboratory, to ensure its compliance with the national standards.

**Regulation of Environment Protection**

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) which was promulgated by the SCNPC on December 26, 1989, and amended on April 24, 2014 and came into force on January 1, 2015, all enterprises and institutions which discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment from waste gas, wastewater, waste residues, medical waste, dust, malodorous gases, radioactive substances, noise, vibration, ray radiation and electromagnetic radiation generated in the course of production, construction or other activities. Pollution prevention and control facilities of a construction project shall be simultaneously designed, constructed and put into operation with the principal part of the construction project. Enterprises that manufacture, store, transport, sell, use or dispose of chemicals and materials containing radioactive substances shall comply with the relevant State regulations to prevent environmental pollution. The relevant authorities are authorized to impose various types of penalties on the persons or entities in violation of the environmental regulations, including fines, restriction or suspension of operation, shut-down, detention of office-in-charge, etc.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by SCNPC on October 28, 2002, effective on September 1, 2003 and latest amended on December 29, 2018, the PRC government implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an

environmental impact report or an environmental impact form or complete an environmental impact registration form (the "**Environmental Impact Assessment Documents**") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

Pursuant to the Administrative Regulations on Environmental Protection in Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, amended and effective on October 1, 2017 and the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection on November 20, 2017, where a construction project needs complementary environmental protection facilities, those facilities must be designed, constructed and become operational at the same time as the main parts of the project. The project owner shall, after the completion of the construction project for which the environmental impact report or the environmental impact statement is prepared, according to standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct acceptance check of the constructed complementary environmental protection facilities. The construction project may not be put into production or use until the constructed supporting environmental protection facilities have passed the acceptance check. The facilities that have not undergone or fail to pass the acceptance check shall not be put into production or use.

Pursuant to Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) which was promulgated on October 30, 1995 and latest amended on April 29, 2020 and came into effect on September 1, 2020, the construction of projects which discharge solid waste and the construction of projects for storage, use and treatment of solid waste shall be carried out upon the appraisal regarding their effects on the environment and comply with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

According to the Regulations on the Management of Medical Waste (《醫療廢物管理條例》), which were promulgated by the State Council on June 16, 2003 and amended on January 8, 2011, and the Implementation Measures of the Management of Medical Waste (《醫療衛生機構醫療廢物管理辦法》), which were promulgated by the Ministry of Health ("**MOH**") on October 15, 2003 and came into effect on the same day, medical institution shall timely deliver medical wastes to an entity for centralized disposal of medical wastes and licensed by a relevant environment protection administrative department for dispose. Sewage generated by any medical institution and excretion of its patients or suspected patients of infectious diseases shall be sterilized in strict accordance with the relevant provisions, and shall not be discharged into sewage disposal systems until the relevant standards are met.

**Regulations of Fire Prevention**

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**"), which was promulgated by the SCNPC on April 29, 1998 and most recently amended on April 29, 2021, and the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《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 August 21, 2023 and came into effect on October 30, 2023, stipulate that all construction projects must be designed to prevent fires under national fire protection technical standards, the construction unit must submit the fire prevention design documents for approval or filing purposes. Upon completion of such construction project, the construction unit must apply for fire protection approval or conduct fire protection filing for fire protection design and completion approval, as applicable.

**Regulation of Product Quality and Production Safety**

***Product Quality***

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), as amended and effective as of December 29, 2018, applies to all production and sale activities in the PRC. Pursuant to the Product Quality Law of the PRC, products offered for sale must satisfy relevant quality and safety standards. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Pursuant to the PRC Civil Code (Part VII Liability for Tort) (《中華人民共和國民法典》(第七編侵權責任)) which was promulgated by the National People's Congress ("**NPC**") on May 28, 2020, and came into effect on January 1, 2021, a patient may make a claim against a medical institution or producer for any damage arising from defects of a medical device. In respect of any claim made by a patient, the medical institution is entitled to make a claim against the producer after the settlement of the compensation paid to the patient.

***Production Safety***

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), last amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, the production and business operation entities shall (i) comply with this law and other laws and regulations on safety production, strengthen the management of safety production, establish a sound responsibility system for safety production for all employees and a system of rules and regulations on safety production; (ii) increase the investment and guarantee of safety production funds, materials, technologies, and personnel, improve safety production conditions, and boost safety production standardization and informatization; (iii) establish a dual prevention mechanism for safety risk classification and control, and for the investigation and treatment of hidden dangers, and improve the risk prevention and resolution mechanism to improve production safety standards and ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

**Regulation of Foreign Investment**

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of PRC (《中華人民共和國公司法》), or the Company Law, which was issued by the SCNPC on December 29, 1993 and latest revised on December 29, 2023 and came into effect on July 1, 2024. A foreign-invested company is also subject to the Company Law unless otherwise provided by the foreign investment laws.

On March 15, 2019, the NPC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, which became effective on January 1, 2020 and replaced the major former laws and regulations governing foreign investment in the PRC. Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors directly or indirectly in the PRC.

According to the Foreign Investment Law and its implementing rules, the State adopts a system of pre-entry national treatment plus a negative list with respect to foreign investment administration. The pre-entry national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments and the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. Foreign investors shall not invest in the prohibited industries, or must satisfy certain conditions stipulated in the negative list for investment in the restricted industries. The current industry entry clearance requirements governing investment activities in the PRC by foreign investors are set out mainly in the Special Administrative Measures (Negative List) (2021 version) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)(2021

年版)》) and the Encouraged Industry Catalog for Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》). And the Special Administrative Measures (Negative List) (2024 version) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)(2024年版)》) has been promulgated on September 6, 2024, and came into effect on November 1, 2024. Industries not listed in these two categories are generally deemed "permitted" for foreign investment unless otherwise restricted by other PRC laws.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), effective on January 1, 2020, pursuant to which, where a foreign investor directly or indirectly carries out investment activities in China, the foreign investor or the foreign-invested enterprise shall submit the investment related information to the competent commerce authority through the enterprise registration system and the national enterprise credit information publicity system for further handling.

**Regulations relating to Merger and Acquisition of Domestic Enterprises by Foreign Investors and Overseas Listing**

According to the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") which were jointly adopted by the MOFCOM, the SAFE and other four ministries on August 8, 2006, took effect on September 8, 2006 and amended on June 22, 2009, "mergers and acquisitions of domestic enterprises by foreign investors" refers to: (a) a foreign investor converts a non-foreign invested enterprise (domestic company) to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic company or the increased capital of the domestic company (the "**Equity Merger and Acquisition**"); or (b) a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or (c) a foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets (the "**Assets Merger and Acquisition**").

M&A Rules provides that mergers and acquisitions of domestic enterprises by foreign investors shall be subject to the approval of the MOFCOM or its delegates at provincial level. In the event that any domestic company, enterprise or natural person merges or acquires a domestic company that has affiliated relationship with it through an overseas company legally established or controlled by such domestic company, enterprise or natural person, the merger and acquisition applications shall be submitted to the MOFCOM for approval. Any circumvention on the requirement including domestic re-investment of a foreign invested enterprise is not allowed.

The CSRC promulgated the Overseas Listing Trial Measures and five relevant guidelines on February 17, 2023, which became effective on March 31, 2023. The Overseas Listing Trial Measures regulate both direct and indirect overseas offering and listing by PRC domestic companies' by adopting a filing-based regulatory regime.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to complete the filing procedure with the CSRC and report relevant information.

The Overseas Listing Trial Measures also provide that if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the issuer's business activities are substantially conducted in mainland China, or its principal place of business is located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in Mainland China.

Where an issuer submits an application for an initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also require subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer who have completed overseas offerings and listings.

**Regulations of Intellectual Property Rights**

***Patent***

The Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**") is revised by the SCNPC on October 17, 2020 and came into effect on June 1, 2021. According to the current Patent Law, when the invention or utility model patent is granted, unless otherwise stipulated in the Patent Law, without the approval of the patent owner, no entity or person shall implement the relevant patent, that is, manufacture, use, offer to sell, sell or import the patented products for business purpose, or use the patented method and use, offer to sell, sell or import the products directly obtained with the patented method. Implementing the patent without the approval of the patent owner constitutes the infringement of patent rights. Any dispute in connection with this shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the patent owner or the relevant stakeholders may file a lawsuit in the people's court or turn to the patent administration authorities for handling.

***Copyright***

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) and related rules and regulations. Under the Copyright Law of the PRC, the term of protection for copyrighted software is 50 years. On November 11, 2020, the SCNPC promulgated the newly amended Copyright Law, or the New Copyright Law, which took effect on June 1, 2021. The New Copyright Law increased the cost of infringement violations and expanded the protection coverage of Copyright Law. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks (《信息網絡傳播權保護條例》), which was most recently amended on January 30, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and Internet service providers. In order to further implement the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and lastly amended on January 30, 2013, the State Copyright Bureau issued the Registration of Computer Software Copyright Procedures (《計算機軟件著作權登記辦法》) on February 20, 2002, which applies to software copyright registration, license contract registration and transfer contract registration with respect to software copyright.

***Trademark***

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) which became effective in 1983 and was most recently amended on November 1, 2019 and related rules and regulations. Trademarks are registered with the Trademark Office of China National Intellectual Property Administration. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

***Domain Name***

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology, or MIIT on August 24, 2017 and effective as of November 1, 2017. Domain name

registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration. The domain name registration also follows the principle of "first file, first registration."

***Design of Integrated Circuit Layouts***

On April 2, 2001 the State Council promulgated the Regulations on the Protection of Integrated Circuit Layout Designs (《集成電路布圖設計保護條例》(the "**Regulations on the Protection**"). According to the Regulations on the Protection, the owner of an integrated circuit layout design has exclusive rights to the design, so long as they comply with the provisions of the Regulations on the Protection, which protects the proprietary rights of integrated circuit layout designs, encourage innovation in integrated circuit technology, and promotes the development of science and technology. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is ten years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

**Regulations of Tax**

***Enterprise Income Tax***

The PRC enterprise income tax, or EIT, is calculated based on the taxable income determined under the applicable Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and its implementation rules, both of which became effective on January 1, 2008 and were most recently amended on December 29, 2018. The EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises. The EIT Law and its implementation rules permit certain High and New Technologies Enterprises, or the HNTEs, to enjoy a reduced 15% enterprise income tax rate if they meet certain criteria and are officially acknowledged.

***Value Added Tax***

On March 23, 2016, the MOF and the STA jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax (《關於全面推開營業税改徵增值税試點的通知》), or the Circular 36, which took effect on May 1, 2016. Pursuant to the Circular 36, all of the companies operating in construction, real estate, finance, modern service or other sectors which were required to pay business tax are required to pay value-added tax ("**VAT**"), in lieu of business tax. A VAT rate of 6% applies to revenue derived from the provision of certain services. Unlike a business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

On March 20, 2019, the MOF, the STA and the General Administration of Customs issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》), or the Announcement 39, which came into effect on April 1, 2019, to further slash VAT rates. According to the Announcement 39, (i) the 16% or 10% VAT previously imposed on sales and imports by general VAT taxpayers is reduced to 13% or 9% respectively; (ii) the 10% purchase VAT credit rate allowed for the procured agricultural products is reduced to 9%; (iii) the 13% purchase VAT credit rate allowed for the agricultural products procured for production or commissioned processing is reduced to 10%; and (iv) the 16% or 10% export VAT refund rate previously granted to the exportation of goods or labor services is reduced to 13% or 9%, respectively.

**Regulation of Foreign Exchange and Dividend Distribution**

The principal regulations governing foreign currency exchange in China are the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條

例》), or the Foreign Exchange Regulations, promulgated by the State Council on January 29, 1996 and latest revised and effective on August 5, 2008. Under the Foreign Exchange Regulations and other PRC rules and regulations on a currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the SAFE or its local counterpart is obtained.

The SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect 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》) (the "**SAFE Circular 13**") on February 13, 2015, which was amended on December 30, 2019, and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

The SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**") on March 30, 2015, which was last amended on December 30, 2019, and further issued the Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**") on June 9, 2016. Pursuant to the SAFE Circular 19 and the SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company shall not be used for business beyond its business scope, or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

On October 23, 2019, the SAFE released the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《關於進一步促進跨境貿易投資便利化的通知》), which allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, provided that such investments do not violate the negative list and the target investment projects are genuine and in compliance with laws.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

**Regulations of Labor Protection**

***Labor Protection***

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by SCNPC on July 5, 1994 and amended and effective on December 29, 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) amended by SCNPC and effective on July 1, 2013 and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and effective on September 18, 2008, employers shall establish and improve labor rules and regulations according to the laws and regulations and shall strictly comply with the national standards, provide trainings to their employees, protect their labor rights and perform its labor obligations. Employers shall execute written labor contracts with full-time employees. Labor contracts shall be categorized into labor contracts with fixed term, labor contracts without fixed term and labor contracts to be expired upon completion of certain tasks. All employers must comply with local minimum wage standards.

***Social Insurance and Housing Provident Fund***

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by SCNPC on October 28, 2010, amended and came into effect on December 29, 2018 and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) amended by the State Council and came into effect on March 24, 2019 and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and came into effect on March 24, 2019, employers in the PRC shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, basic medical insurance and housing provident funds for its employees at the applicable rates based on the amounts stipulated by the laws.

According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《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)》) enacted by the Supreme People's Court on July 31, 2025 and implemented on September 1, 2025. Where an employer and an employee enter into a written or verbal agreement that social insurance premiums need not be paid by both parties, the people's court shall not support this arrangement and shall determine that the agreement is invalid. Accordingly, when an employer fails to pay social insurance premiums even as previously agreed between the employer and an employee, upon the employee's termination of the employment contract, the employer shall make up the unpaid social insurance premiums and pay economic compensation to the employee in accordance with the provisions of the Labor Law.

***Anti-Commercial Bribery and Anti-Corruption***

China has established a comprehensive and robust legal framework to anti-commercial bribery and anti-corruption in the medical field. For instance, according to the Regulations on the Establishment of Adverse Records with Respect to Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), which was promulgated by the National Health and Family Planning Commission, or NHFPC, and came into effect on March 1, 2014, where a manufacturer of drugs, medical devices and medical disposables, an enterprise, an agency or an individual offers staff of a medical institution any items of value or other benefits, the enterprise should be listed in the adverse records with respect to commercial bribery if relevant circumstances exist. If medical production and operation enterprises are listed into the Adverse Records of Commercial Briberies for the first time, their products shall not be purchased by public medical institutions, and medical and health institutions receiving financial subsidies in local province for two years since publication of the record, and public medical institution, and medical and health institutions receiving financial subsidies in other province shall lower their rating in bidding or purchasing process. If medical production and operation enterprises are listed into the Adverse Records of Commercial Bribery more than once in five years, their products shall not be purchased by public medical institutions, and medical and health institutions receiving financial subsidies nationwide for two years since publication of the record.

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, as amended and effective as of April 23, 2019, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the SAIC, on November 15, 1996, the business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

**Regulation of Information Security and Data Protection**

According to the PRC Civil Code, the personal information of an individual shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or publish personal information of others. In addition, the handling of personal information shall follow the principles of lawfulness, appropriateness and necessity.

On August 20, 2021, SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), or the Personal Information Protection Law, which became effective on November 1, 2021. The Personal Information Protection Law requires, among others, that the handling of personal information should have a clear and reasonable purpose and should be directly related to the handling purpose, adopt a method that has the least impact on personal rights and interests. The collection of personal information shall be limited to the minimum scope necessary to achieve the handling purpose. The personal information handler shall not excessively collect personal information.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》), or the Data Security Law, which came into effect on September 1, 2021. According to the Data Security Law, the central leading body of state security is responsible for the decision-making, deliberation and coordination of the national data security work, research and formulate and guide the implementation of the national data security strategy and relevant major guidelines and policies, coordinate major matters and important work in respect of national data security, and establish a coordination mechanism for national data security work. Competent authorities of industry, telecommunications, transport, finance, natural resources, health, education, science and technology, etc. assume the responsibilities of data security regulation for their respective industries or fields. Public security organs and national security organs, etc. assume the responsibilities of data security regulation within the scope of their respective functions and duties. The cyberspace administration of the State is responsible for the overall planning and coordination of cyber data security and relevant regulatory work.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, according to which, network operators shall fulfill their obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures according to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The network operator shall not collect personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements concluded with its users, and the operators of critical information infrastructure shall store within the PRC all the personal information and important data collected and produced within the PRC. The purchase of network products and services by critical information infrastructure operators that may affect national security shall be subject to national cyber security review organized by the cyberspace administration of the State in conjunction with relevant departments of The State Council.

On July 30, 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. According to the Regulations on the Protection of the Security of Critical Information Infrastructure, a "critical information infrastructure" refers to an important network facility and information system in important industries such as public communications and information services, energy, transportation, water resources, finance, public services, e-government, national defense science and technology industries, as well as other important network facilities and information systems that may seriously

endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. The management authorities of the aforementioned important industries will be responsible for (i) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified operators and the Ministry of Public Security of the identification results. These regulations require that the relevant operator shall submit a report to the competent PRC administrative authority in accordance with relevant provisions upon the occurrence of any major cybersecurity incident or the discovery of any major cybersecurity threat to the critical information infrastructures, and the operators of critical information infrastructures shall purchase the safe and trusted network products and services in the first place. If the purchase of network products and services may affect national security, such operators shall pass the cybersecurity review accordingly.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), jointly with 12 other administrative authorities, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》, the "**MCR**"), which became effective on February 15, 2022. According to the MCR, critical information infrastructure operators that purchase network products and services, and network platform operators engaging in data handling activities that affect or may affect national security are subject to cybersecurity review under the MCR. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). The competent administrative authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data handling activities of such operators affect or may affect national security.

The Regulations on Promoting and Regulating the Cross-border Flow of Data (《促進和規範數據跨境流動規定》) promulgated by the CAC and effective on March 22, 2024 stipulates that if a data handler provides data overseas and meets one of the following conditions, it shall apply for cross-border data transfer security assessment to the cyberspace administration of the State through the local provincial cyberspace administration: (1) critical information infrastructure operators provide personal information or important data overseas; (2) data handlers other than critical information infrastructure operators provide important data overseas, or have provided overseas personal information of more than 1 million people (excluding sensitive personal information) or sensitive personal information of more than 10,000 people since January 1 of that year.

On September 24, 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) was issued by the State Council, which took effect on January 1, 2025. According to the Regulations on Network Data Security Management, network data handlers shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of cybersecurity, strengthen the protection of network data security, establish and optimize the system of network data security management, take technical measures to protect network data, and prevent illegal and criminal activities aiming at and using network data. The Regulations on Network Data Security Management also provide provisions for data handling activities carried out through networks, including but not limited to the formulating of rules for handling personal information, the general requirements on handling personal information and accepting individual requests regarding personal information. The network data handler shall specify the person in charge of network data security and the management body for network data security, which shall perform the responsibilities of network data security protection. If the security of data may be affected due to the merger, demerger, dissolution or bankruptcy of the network data handler, the handler shall take measures to ensure the security of network data, and report to the competent authority.

Our Group's current overseas operations only involve the sharing of R&D progress, product specifications, and performance study reports with overseas entities, solely for the purpose of synchronizing R&D initiatives and providing technical support. For clarity, these activities do not involve any cross-border transfer of any personal information related to trial subjects.

We are fully committed to complying with all applicable laws and regulations governing cross-border data transfers, cybersecurity, and data protection in our future operations. To this end, our Group has implemented a comprehensive suite of technical and administrative safeguards to ensure data security throughout its lifecycle. These measures include, but are not limited to, encrypted storage, access controls, backup and recovery protocols, and malware detection systems. These safeguards are further reinforced by our internal Data Security Management Policy, which establishes a robust governance framework designed to proactively detect, alert, and mitigate potential breaches across our value chain. As advised by our PRC Legal Advisor, our Group is in compliance with relevant laws and regulations regarding cybersecurity measures, including cross-border data transfer in all material respects.

**Regulation of Artificial Intelligence**

The Administrative Provisions on Deep Synthesis in Internet-based Information Services (《互聯網信息服務深度合成管理規定》) which was promulgated by the CAC on November 25, 2022 and took effective since January 10, 2023, impose certain compliance obligations upon service providers using deep synthesis technology to provide Internet-based information services, including but not limited to establishing a database to identify illegal or adverse information, adding tags on information generated from using deep synthesis technologies, authenticating users' real identities before allowing them to use deep synthesis information publishing services, etc.

On July 13, 2023, the CAC and six other ministries jointly published the Interim Administrative Measures on Generative AI Services (《生成式人工智能服務管理暫行辦法》) ("**Interim Measures on GAI**"), which came into effect on August 15, 2023. The Interim Measures on GAI apply to the provision of generating content such as text, images, audio and video to the public within the territory of China by utilizing generative AI technology ("**GAI Service**"). On the other hand, Interim Measures on GAI will not apply to industrial organizations, enterprises, educational and scientific research institutions, public cultural institutions, and relevant professional institutions that develop and apply generative AI technologies but do not provide GAI Services to the public within China.

**RELEVANT LAWS AND REGULATIONS IN THE UNITED STATES**

**United States Regulation of Medical Devices**

Medical devices are subject to extensive and ongoing regulation by the FDA, the Centers for Medicare and Medicaid Services ("**CMS**"), the Department of Health and Human Services Office of Inspector General ("**OIG**") and regulatory bodies in the United States. Regulations govern virtually every critical aspect of a medical device company's business operations, including research activities, product development and testing, manufacturing and production, contracting, reimbursement, product messaging, medical communications, sales, marketing and advertising. In the United States, the Federal Food, Drug and Cosmetic Act ("**FDCA**") and the implementing regulations of the FDA govern product design and development, preclinical and clinical testing, premarket clearance or approval, product manufacturing, product labeling, product storage, advertising and promotion, product sales and distribution, import, export and post market clinical surveillance.

**FDA Premarket Clearance and Approval Requirements**

Unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) premarket notification, grant of a *de novo* classification request, or approval of a premarket approval ("**PMA**") application. The FDA classifies medical devices into one of three classes. Devices deemed to pose low to moderate risk are designated as either Class I or II. Class I devices are subject to general controls such as establishment registration and device listing, labeling, adherence to current good manufacturing practices outlined in FDA's Quality System Regulation ("**QSR**"), maintenance and investigation of product complaint records, and adverse event reporting, but

are usually exempt from premarket notification requirements. Class II devices are subject to the same general controls and may be subject to special controls such as performance standards, post-market surveillance, particularized labeling requirements and/or clinical testing prior to clearance. Manufacturers of Class II devices, absent an exemption, are required to submit to the FDA a premarket notification prior to commercial distribution. Devices are designated as Class III, which requires approval of a PMA application, if they are deemed by the FDA to pose the greatest risk. These high-risk devices include life sustaining or life supporting devices, certain implantable devices, and other devices that are intended for a use that is of substantial importance in preventing impairment of human health or that present a potential unreasonable risk of illness or injury. The PMA approval process is more comprehensive than the 510(k) clearance process and typically takes several years to complete.

**510(k) Clearance Marketing Pathway**

A 510(k) notification requires the sponsor to demonstrate that a medical device is substantially equivalent to another marketed device, termed a "predicate device," that is legally marketed in the United States and for which a PMA was not required. A device is substantially equivalent to a predicate device if it has the same intended use and technological characteristics as the predicate, or has the same intended use but different technological characteristics that do not raise new questions of safety and effectiveness, and information submitted to the FDA demonstrates that the device is at least as safe and effective as the predicate device.

If the FDA agrees that the device is substantially equivalent to a predicate device currently on the market, it will grant 510(k) clearance to commercially market the device. If there is no viable predicate device for a new device because, for example, of a new intended use, the device is automatically designated as a Class III device. Unless the *de novo* pathway is available for the new device, the device sponsor must fulfill more rigorous PMA requirements. The PMA process requires that the manufacturer demonstrate that the device is safe and effective for its intended uses, which generally requires the submission of extensive data, including results from pre-clinical studies and human clinical trials. A PMA must also contain a full description of the device and its components, the methods, facilities, and controls used for manufacturing, and proposed labeling. The PMA process is burdensome, and in practice, the FDA's review of a PMA application may take up to several years following initial submission.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a new or major change in its intended use, requires a new 510(k) clearance, or depending on the modification, could require the filing of a *de novo* classification request or a PMA application, which would require the submission to the FDA of clinical trial data, among other information. Medical device companies are required to determine, for each modification to their cleared products, whether to submit a new 510(k) notification for the modification, based on the nature of the modification. If the company determines a new 510(k) submission is not required, the decision and justification are documented in a "letter to file." If the FDA disagrees with the company's determination, the FDA can require the company to cease marketing or recall the modified device until 510(k) clearance, grant of a *de novo* classification request or approval of a PMA is obtained.

In general, where a modification involves an expansion of a device's intended use to incorporate additional diagnostic functionalities, the FDA typically reviews such modification through the submission of a new 510(k) for the updated clinical applications, provided that the modification does not raise new questions of safety or effectiveness that would warrant a de novo classification request or a PMA application. In such circumstances, the new 510(k) submission relates to the same medical device, and the product name and model may remain unchanged. The scope of data required to support the submission depends on the nature of the modification. Additional performance or validation data may be required to support the newly added functionality, while previously cleared data may continue to be relied upon for the existing functionalities, without necessarily requiring the repetition of clinical trials. Upon clearance, the expanded intended use would be reflected in the FDA-cleared labeling for the same device platform.

***De Novo* Classification Process**

A manufacturer can request a risk-based classification determination for a novel device in accordance with the "*de novo*" process. Medical device types that the FDA has not previously classified as Class I, II, or III are automatically classified into Class III regardless of the level of risk they pose. Low-to-moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device may utilize the "Request for Evaluation of Automatic Class III Designation," or the *de novo* classification procedure. This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. Manufacturers may request *de novo* classification directly without first submitting a 510(k) pre-market notification to the FDA and receiving a not-substantially-equivalent determination. *De novo* classification requests, like PMA applications and 510(k) notifications, are subject to the payment of user fees.

FDA is required to reach a decision within 120 days following receipt of the *de novo* request, although the process may take significantly longer. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. If the FDA grants the *de novo* request, the device may be legally marketed in the United States. However, the FDA may reject the request if the FDA identifies a legally marketed predicate device that would be appropriate for a 510(k) notification, determines that the device is not low-to-moderate risk, or determines that general controls would be inadequate to control the risks and/or special controls cannot be developed. After a device receives *de novo* classification, any modification that could significantly affect its safety or efficacy, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, another *de novo* request or even PMA approval.

**Medical Device Clinical Trials**

Clinical trials are required for PMA applications and sometimes required to support 510(k) or *de novo* submissions. All clinical investigations of devices to determine safety and effectiveness must be conducted in accordance with the FDA's investigational device exemption ("**IDE**") regulations which govern investigational device labeling, prohibit promotion of the investigational device, and specify an array of recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. If the device presents a "significant risk" to human health, as defined by the FDA, the FDA requires the device sponsor to submit an IDE application to the FDA, which must become effective prior to commencing human clinical trials. If the device under evaluation does not present a significant risk to human health, then the device sponsor is not required to submit an IDE application to the FDA before initiating human clinical trials, but must still comply with abbreviated IDE requirements when conducting such trials. A significant risk device is one that presents a potential for serious risk to the health, safety or welfare of a patient and either is implanted, used in supporting or sustaining human life, substantially important in diagnosing, curing, mitigating or treating disease or otherwise preventing impairment of human health, or presents a potential for serious risk to a patient in some other way. An IDE application must be supported by appropriate data, such as animal and laboratory test results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE will automatically become effective 30 days after receipt by the FDA unless the FDA notifies the company that the investigation may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE for which it requires modification, the FDA may permit a clinical trial to proceed under a conditional approval.

Regardless of the degree of risk presented by the medical device, clinical studies must be approved by, and conducted under the oversight of, an Institutional Review Board ("**IRB**") for each clinical site. The IRB is responsible for the initial and continuing review of the clinical study, and may pose additional requirements for the conduct of the study. If an IDE

application is approved by the FDA and one or more IRBs, human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by the FDA. If the device presents a non-significant risk to the patient, a sponsor may begin the clinical trial after obtaining approval for the trial by one or more IRBs without separate approval from the FDA, but must still follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and labeling and record-keeping requirements. Acceptance of an IDE application for review does not guarantee that the FDA will allow the IDE to become effective and, if it does become effective, the FDA may or may not determine that the data derived from the trials support the safety and effectiveness of the device or warrant the continuation of clinical trials.

During a study, the sponsor is required to comply with the applicable FDA requirements, including, for example, trial monitoring, selecting clinical investigators and providing them with the investigational plan, ensuring IRB review, adverse event reporting, record keeping and prohibitions on the promotion of investigational devices or on making safety or effectiveness claims for them. The clinical investigators in the clinical study are also subject to FDA's regulations and must obtain patient informed consent, rigorously follow the investigational plan and study protocol, control the disposition of the investigational device, and comply with all reporting and recordkeeping requirements. Additionally, after a trial begins, the sponsor, the FDA or the IRB could suspend or terminate a clinical trial at any time for various reasons, such as strategic business decisions or a belief that the risks to study subjects may outweigh the anticipated benefits.

## RELEVANT LAWS AND REGULATIONS IN EU

### Overview

Medical devices can be commercialized in the member states of the European Economic Area ("**EEA**") only if they meet the following requirements and obtain CE (Conformité Européenne) marking (including countries which have signed Mutual Recognition Agreement with EU):

- Regulation (EU) 2017/745 on medical devices ("**MDR**").
- Medical Device Directive ("**MDD**") 93/42/EEC.

On May 26, 2021, MDD was repealed and replaced by the MDR which has become a regulation versus a former directive, for the manufacturers who plan to commercialize medical devices in this region. The MDR is subject to a transition period during which manufacturers of medical devices must update their technical information and processes in line with the new MDR. During the transition period, manufacturers may elect whether to put any new medical devices under the MDD's regime or under the new MDR. Under European law, a Regulation differs from a Directive since it, as a Regulation, is directly effective in each Member State, without the need for implementing legislation (which is required for a Directive). The new Medical Devices Regulation has the same basic requirements as the EU Medical Devices Directive, but is generally more stringent, especially in terms of risk classes and the oversight provided by notified bodies. There is also more emphasis on vigilance and post-market surveillance.

### European Conformity Marking and Certifications

On May 26, 2022, the *In Vitro* Diagnostic Medical Devices Regulation 2017/746 ("**IVDR**") entered into application, repealing and replacing the Directive on In-Vitro Diagnostic Devices (98/79/EC) (the "**Directive**"). The IVDR and its associated guidance documents and harmonized standards govern, among other things, device design and development, preclinical and clinical or performance testing, premarket conformity assessment, registration and listing, manufacturing, labeling, storage, claims, sales and distribution, export and import and post-market surveillance, vigilance, and market surveillance. IVDs must comply with the General Safety and Performance Requirements

("**GSPRs**") set out in Annex I of the IVDR. Compliance with these requirements is a prerequisite to be able to affix the CE marking to IVDs, without which they cannot be marketed or sold in the EEA. To demonstrate compliance with the GSPRs provided in the IVDR and obtain the right to affix the CE marking, IVD suppliers must undergo a conformity assessment procedure, which varies according to the type of IVD and its classification. The IVDR introduces new classification rules based on the Global Harmonization Task Force System with four risk-based classes — Class A (lowest), Class B, Class C and Class D (highest risk). Apart from IVDs with low individual and public health risk (Class A non-sterile), in relation to which the manufacturer may issue an EC Declaration of Conformity based on a self-assessment of the conformity of its products with the GSPRs, a conformity assessment procedure requires the intervention of a NB, which is an organization designated by a Competent Authority of an EEA country to conduct conformity assessments. Depending on the relevant conformity assessment procedure, the NB audits and examines the technical documentation and the quality system for the manufacture, design and final inspection of the IVD. The NB issues a CE Certificate of Conformity following successful completion of a conformity assessment procedure conducted in relation to the IVD, its manufacturer and their conformity with the GSPRs. This CE Certificate of Conformity and the related conformity assessment process entitles the manufacturer to affix the CE marking to its medical devices after having prepared and signed a related EC Declaration of Conformity.

As a general rule, demonstration of conformity of IVDs and their suppliers with the GSPRs must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use and that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the performance and safety of the device (e.g., product labeling and instructions for use) are supported by suitable evidence. This assessment must be based on clinical data, which can be obtained from (i) clinical studies conducted on the devices being assessed, (ii) scientific literature from similar devices whose equivalence with the assessed device can be demonstrated or (iii) both clinical studies and scientific literature. The conduct of clinical studies in the EEA is governed by detailed regulatory obligations. These may include the requirement of prior authorization by the Competent Authorities of the country in which the study takes place and the requirement to obtain a positive opinion from a competent Ethics Committee. This process can be expensive and time-consuming. After a device is placed on the market, it remains subject to significant regulatory requirements.

The IVDR provides a transitional provision. Accordingly, IVDs which are the subject of a valid CE Certificate of Conformity issued under the Essential Requirements of Directive 98/79/EC on in vitro diagnostic medical devices (the "**IVDD**") based on a self-assessment but which will be up-classed and require the involvement of a NB under the IVDR for the first time, can continue to be placed on the market until the following, most up-to-date deadlines for each class categorization for IVD products:

- high individual risk and high public health risk products (Class D): 31 December 2027;
- high individual risk and/or moderate public health risk products (Class C): 31 December 2028;
- moderate individual risk and/or low public health risk (Class B): 31 December 2029;
- low individual risk and low public health risk products placed on the market in a sterile condition (Class A sterile): 31 December 2029.

IVD suppliers may only rely on the transitional provisions above provided that: (i) the devices continue to comply with applicable requirements imposed by the IVDD; (ii) they respect the IVDR requirements relating to post-market surveillance, market surveillance,

vigilance, registration of economic operators and devices under the Essential Requirements of Directive 98/79/EC on in vitro diagnostic medical devices (the "**IVDD**") in place of the corresponding requirements in the IVDD; and (iii) no significant changes are made in the design and intended purpose of the devices during the transitional period.

IVDs placed on the EEA market in accordance with the IVDD were subject to a similar process. IVD suppliers were required to comply with the Essential Requirements laid down in Annex I to the IVDD. Compliance with these requirements entitled suppliers to affix the CE marking on products, without which they cannot be placed on the E.U. market. To demonstrate compliance with the Essential Requirements laid down in Annex I to the IVDD and obtain the right to affix the CE marking, IVD suppliers had to undergo a conformity assessment procedure, varying according to the type of IVDs.

Following determination of the appropriate category for an IVD, suppliers were required to follow the related conformity assessment procedures laid down in Article 9 of the IVDD.

For general IVDs, a self-assessment process in accordance with Annex III of the IVDD and a related Declaration of Conformity by the manufacturer prior to affixing the CE marking was sufficient. In the Declaration of Conformity, the manufacturer certified that its product complies with the Essential Requirements provided for in Annex I to the IVDD.

For IVDs for self-testing and those falling within List A or B of Annex II to the IVD, a NB must undertake an assessment of the conformity of the manufacturer and/or the device with the applicable provisions of the IVDD.

The NB would commonly audit and examine a product Technical File and the quality management system for the manufacture, design, and final inspection of a medical device before issuing a CE Certificate of Conformity demonstrating compliance with the requirements of the IVDD. Following the issuance of a CE Certificate of Conformity, suppliers could draw up the Declaration of Conformity and affix the CE marking to the products covered by the CE Certificate of Conformity and the Declaration of Conformity.

In the future, in order to place an IVD, or an accessory to an IVD, on the market in the EEA, the device must be designed, developed, manufactured, and marketed in compliance with the relevant legal framework detailed in the IVDR.

**Medical Device Operation and Product Quality**

Among EU laws applicable to product safety, the MDR mandates a substantial increase in safety obligations of manufacturers (e.g. Article 10 and Annex I of the MDR). For instance, medical device manufacturers are generally required to have systems for risk management, quality management and post-market surveillance. Specifically, implementing and maintaining a risk management system requires identifying and analyzing any known risks and implementing solutions to eliminate or control these risks. Medical device manufacturers generally have to conduct clinical evaluations, compile technical documentation, and undertake a conformity assessment procedure. In addition, medical device manufacturers must ensure that their authorized representatives have the necessary documentation permanently available, and that the devices are accompanied by the required information. Medical device manufacturers must also have a system for recording and reporting of incidents. If there were to be a serious incident involving the products, the reporting timeline to a health authority would typically be no later than 15 days after medical device manufacturers became aware of the incident, and two days in case of serious public health threat.

The EU rules on product safety also require that the products sold in the European Economic Area (EEA) hold certifications of conformity with the relevant harmonized standards (Article 56 of the MDR). Once medical device manufacturers completed all applicable obligations, they must draw up a declaration of conformity (Articles 10 §6 and 19

of the MDR) and apply CE marking of conformity to our devices (Articles 10 §6 and 20 of the MDR, and Article 30 of Regulation (EC) No 765/2008). The products we sell in the EU have EC certificates and CE marking. These EC certificates cover products categorized as devices in Class IIa and Class III. Any other products we would sell in the EEA and that would not be covered by these EC certificates and/or would not have CE marking would require additional EC certification and/or CE marking. Once devices are compliant with the MDR requirements, member states cannot refuse, prohibit or restrict the making available on the market or putting into service within their territory of these devices on the basis of the MDR (Article 24 of the MDR).

**Post Market Surveillance and Vigilance**

Starting from May 26, 2021, as regulated by MDR per Chapter VII, the post market surveillance (PMS) and vigilance of a medical device shall have a PMS system to actively gather and analysis the PMS data throughout the device's lifetime. Proactive PMS plan and report shall be performed at an appropriate frequency based on the device's risk-based class. For Class IIa, IIb and III medical devices, as the result of the PMS plan, a Periodic Safety Update Report ("**PSUR**") will be generated either biennially (for IIa) or annually (for IIb and III) and made available to the NB and competent authorities. The medical device manufacturers are also requested by the regulation to report serious incidents and field safety corrective actions, additionally the trend report for any statistical significant increase in the frequency or severity of the non-serious incidents. The aforementioned reporting and PSUR submission shall follow the electronic system established by European Commission.

## OVERVIEW

We are a biotechnology company focused on and pioneering in the development and commercialization of molecular diagnostic instruments and biochips. Our product offerings include molecular diagnostic products and electrochemical long-read next-generation sequencing (EL-NGS) platform and biochips for multi-omics analysis. Our Group was founded by Dr. Tian and Dr. Ivanov in 2016. Our founders have extensive experience in sequencing, image sensor and semiconductor industries. For the biographical details of Dr. Tian and Dr. Ivanov, see "Directors and Senior Management."

We commenced business operations through Angstrom Centro Holdings, LLC ("**ACH**"), a limited liability company incorporated in Delaware, the United States in February 2016. To re-domicile our Group's holding company from the United States to the Cayman Islands for tax planning purposes and to adopt a more commonly used offshore holding structure to support our expansion and to prepare for the [**REDACTED**], we conducted the Reorganization, and our Company was incorporated in the Cayman Islands in September 2021 as the holding company of our Group. For details of the Reorganization, see "— Reorganization" in this section.

## BUSINESS DEVELOPMENT MILESTONES

The table below summarizes our key business development milestones.

| Year | Milestone |
|---|---|
| 2016 | We commenced business operations |
| 2017 | We established our first wholly-owned PRC subsidiary, Anxuyuan Shenzhen |
| 2018 | We completed our proprietary Bio-CMOS sequencing chip process integration |
| 2019 | We announced the release of engineering prototype of EL-NGS gene sequencer AxiLona AXP-100 |
| 2020 | We announced the release of engineering prototype of AxiLona EL-100 |
| 2021 | We launched the product prototype of AxiLona EL-100 |
| | We launched the product prototype of EL-NGS gene sequencer AxiLona AXP-100 |
| 2022 | We established our first GMP-compliant manufacturing facility in Wuxi, China |
| | Anxuyuan Shenzhen was recognized as a National High-tech Enterprise (國家高新技術企業) |
| 2023 | We received the CE marking for AxiLona EL-100 |
| | We obtained ISO 13485:2016 certification |

| Year | Milestone |
|---|---|
| 2024 | AxiLona EL-100 was admitted into the Special Registration Procedures for Innovative Class II Medical Devices (commonly known as Green Path) by the Jiangsu MPA |
| | We established a high-throughput protein screening system, discovered multiple producible new polymerases |
| 2025 | We completed the clinical trial of AxiLona EL-100 |
| | We launched the design and development of the ultra-high throughput EL-NGS gene sequencer AxiLona AXP-1000 |
| | We received the Class II medical device registration certificate for AxiLona EL-100 from the Jiangsu MPA |
| | AxiLona EL-100 protein detection has passed the proof-of-concept stage |
| 2026 | We have established collaborations with multiple prominent global research institutions, industry partners and hospitals |
| | We completed the design of the upgraded version of AxiLona EL-100 that covers both nucleic acid detection and protein detection |

## OUR MAJOR SUBSIDIARIES

The table below sets out the place and date of establishment/incorporation and principal business activities of each member of our Group that made a material contribution to our results of operations during the Track Record Period or are otherwise material to our business operations.

| Subsidiary | Place of establishment/ incorporation | Date of establishment/ incorporation | Principal business activities |
|---|---|---|---|
| Axbio US | Delaware, the United States | February 29, 2016 | R&D of biotechnology, semiconductor and nanotechnology |
| Anxuyuan Wuxi | PRC | November 19, 2021 | Manufacturing of *in vitro* diagnostic equipment, RUO products and consumables, and R&D of biotechnology, semiconductor and nanotechnology |
| Anxuyuan Shenzhen | PRC | June 1, 2017 | R&D of biotechnology, semiconductor and nanotechnology |
| Anxuyuan Medical Technology | PRC | April 20, 2023 | Sales of our products |
| Anxuyuan Tianjin | PRC | April 21, 2020 | Provision of custom synthesis and analytical services |

## MAJOR MERGER, ACQUISITION AND DISPOSAL

During the Track Record Period and up to the Latest Practicable Date, save as otherwise disclosed in this section, we had not conducted any merger, acquisition or disposal that we consider to be material to us.

## ESTABLISHMENT AND EARLY DEVELOPMENT OF OUR GROUP

### (a) Incorporation of ACH

On February 29, 2016, ACH was incorporated in Delaware, the United States with limited liability. The initial member of ACH was Mr. Krystian Ji ("**Mr. Ji**"), an independent third party and an early financial investor. Dr. Tian and Dr. Ivanov, who became acquainted during their tenure at InVisage Technologies Inc. (a fabless semiconductor pioneer acquired by Apple Inc. in 2017 and known for QuantumFilm, a quantum dot-based image sensor technology), became members of ACH in May 2016. In November 2016, Mr. Ji transferred his shares in ACH to his affiliate entity, Krystian Ji Holdings LLC ("**KJH**").

### (b) Series Seed Financing and ACH Exchange and Reorganization

From June 2016 to November 2017, our Group entered into agreements for six rounds of Series Seed Financing, pursuant to which the Series Seed Investors agreed to subscribe for an aggregate of 22,260,460 series seed preferred shares of ACH at an aggregate consideration of approximately US$9.8 million as detailed below. For further details of the Series Seed Financing, see "— Pre-[**REDACTED**] Investments" in this section.

| Series Seed Investor | Number of series seed preferred shares subscribed for | Consideration |
|---|---|---|
| KJH | 4,566,395 series seed-1 preferred shares | US$2,000,000 |
| RADIANCE CAPITAL MANAGEMENT INTERNATIONAL LTD. ("**Radiance Capital**") | 570,776 series seed-2 preferred shares | US$250,000 |
| Zhen Partners Fund IV, L.P. ("**ZhenFund IV**") | 1,141,553 series seed-3 preferred shares | US$500,000 |
| RISE LEADER INVESTMENTS LIMITED (領陞投資有限公司) ("**Rise Leader**") | 4,566,210 series seed-4 preferred shares | US$2,000,000 |
| Tsinghua Leaguer Venture Capital International Co., Ltd. (清華力合創業投資國際有限公司) ("**Tsinghua Leaguer**") | 4,566,210 series seed-5 preferred shares | US$2,000,000 |
| Keung Ma | 2,283,106 series seed-6 preferred shares | US$1,000,000 |
| Shenzhen Green Pine Equity Investment Partnership (Limited Partnership) (深圳市松禾成長一號股權投資合夥企業(有限合夥)) ("**Green Pine**") | 4,566,210 series seed-6 preferred shares | US$2,000,000 |
| **Total** | 22,260,460 series seed preferred shares | US$9,750,000 |

Pursuant to an exchange and reorganization agreement dated November 14, 2017 entered into among ACH, Axbio US, a Delaware corporation then wholly owned by ACH, and the then members of ACH, each member of ACH agreed to transfer and assign to ACH all of his membership interests of ACH in exchange for the shares of Axbio US (the "**ACH Exchange and Reorganization**"). Upon the completion of the ACH Exchange and Reorganization, Axbio US became the holding company of our Group with the following shareholding structure:

| Shareholder | Class of shares held | Number of shares held | Approximate shareholding |
|---|---|---|---|
| Dr. Tian | Common shares | 55,233,000 | 49.89% |
| Dr. Ivanov | Common shares | 27,616,000 | 24.94% |
| KJH[(1)] | Common shares | 5,607,000 | 5.06% |
| | Series seed-1 preferred shares | 4,566,395 | 4.12% |
| Radiance Capital | Series seed-2 preferred shares | 570,776 | 0.53% |
| ZhenFund IV[(2)] | Series seed-3 preferred shares | 1,141,553 | 1.03% |
| Rise Leader[(3)] | Series seed-4 preferred shares | 4,566,210 | 4.12% |
| Tsinghua Leaguer | Series seed-5 preferred shares | 4,566,210 | 4.12% |
| Keung Ma | Series seed-6 preferred shares | 2,283,106 | 2.07% |
| Green Pine | Series seed-6 preferred shares | 4,566,210 | 4.12% |
| **Total:** | | **110,716,460** | **100.00%** |

*Notes:*

(1) On November 1, 2019, KJH transferred 5,607,000 common shares and 4,566,395 series seed-1 preferred shares of Axbio US to Kryssen Capital Fund 29 LLC, its affiliate, at nil consideration and ceased to be a shareholder. On April 27, 2022, Kryssen Capital Fund 29 LLC transferred 5,607,000 Shares and 4,566,395 series seed-1 preferred shares of our Company to Kryssen Capital 29 Ltd ("**Kryssen 29**"), its affiliate, at nil consideration and ceased to be a Shareholder. On August 3, 2022, Kryssen 29 further transferred 5,607,000 Shares to Kryssen Capital 30 Investment Ltd ("**Kryssen 30**"), its affiliate, at nil consideration.

(2) On August 9, 2025, ZhenFund IV transferred 1,141,553 series seed-3 preferred shares of our Company to CIH Capital Limited (中橫資本有限公司) ("**CIH Capital**") at a consideration of US$1,224,542 and ceased to be a Shareholder.

(3) On November 3, 2023, Rise Leader transferred 4,566,210 series seed-4 preferred shares of our Company to Leaguer Hongxin (Hongkong) Limited (力合泓鑫(香港)有限公司) ("**Hongxin HK**"), its affiliate, at a consideration of US$2,000,000 and ceased to be a Shareholder.

### (c) Establishment of Anxuyuan Shenzhen

To leverage China's growing interdisciplinary talent pool, high supply chain efficiency and significant cost advantages, we established our first wholly-owned PRC subsidiary, Anxuyuan Shenzhen, in June 2017 to conduct R&D of biotechnology, semiconductor and nanotechnology.

### (d) Series A Financing

On August 29, 2018, Axbio US and the Series A Investors entered into a series A preferred stock and warrant purchase agreement, pursuant to which the Series A Investors agreed to subscribe for an aggregate of 11,650,330 series A preferred shares of Axbio US at an aggregate consideration of approximately US$18.4 million as detailed below. For further details of the Series A Financing, see "— Pre-[**REDACTED**] Investments" in this section.

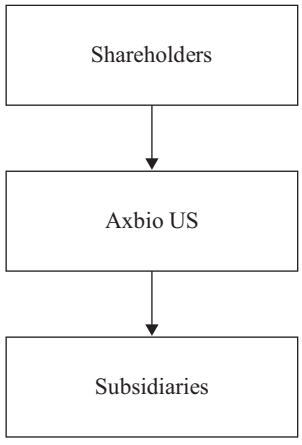
| Series A Investor | Number of Series A Preferred Shares subscribed for | Consideration |
|---|---|---|
| Shantou Huarun Innovation Equity Investment Fund Partnership (Limited Partnership) (汕頭市華潤創新股權投資基金合夥企業(有限合夥)) ("**Shantou Huarun**")[1] | 4,345,726 | US$7,199,998.84 |
| Shenzhen Leaguer Hongxin Venture Capital Partnership (Limited Partnership) (深圳力合泓鑫創業投資合夥企業(有限合夥)) ("**Shenzhen Leaguer Hongxin**") | 2,547,976 | US$4,221,486.64 |
| Tsingyuan Opportunity I LLC ("**Tsingyuan Opportunity**") | 1,810,719 | US$2,999,999.24 |
| Tsingyuan Ventures I LP ("**Tsingyuan Ventures**") | 568,053 | US$509,657.53 |
| Suzhou MING Bioventures Fund I Venture Capital LP (蘇州聚明中泓方仁創業投資合夥企業(有限合夥)) ("**MING Bioventures**") | 1,207,146 | US$1,999,999.50 |
| Lau Kong Lo | 603,573 | US$999,999.75 |
| Bright Stone Holdings Limited (英石控股有限公司) ("**Bright Stone**") | 567,137 | US$508,835.62 |
| **Total** | **11,650,330** | **US$18,439,977.12** |

*Note:*

(1) On February 1, 2024, our Company repurchased 1,341,336 Series A Preferred Shares from Shantou Huarun at a consideration of US$2,500,000.

## REORGANIZATION

The chart below sets out our Group's corporate and shareholding structure immediately before the commencement of the Reorganization.




To re-domicile our Group's holding company from the United States to the Cayman Islands for tax planning purposes and to adopt a more commonly used offshore holding structure to support our planned global expansion and to prepare for the [**REDACTED**], we underwent the following Reorganization steps.

**(a) Incorporation of our Company**

On September 14, 2021, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and the ultimate holding company of our Group. Upon incorporation, the authorized share capital of our Company was US$50,000 with a par value of US$0.0001 each.

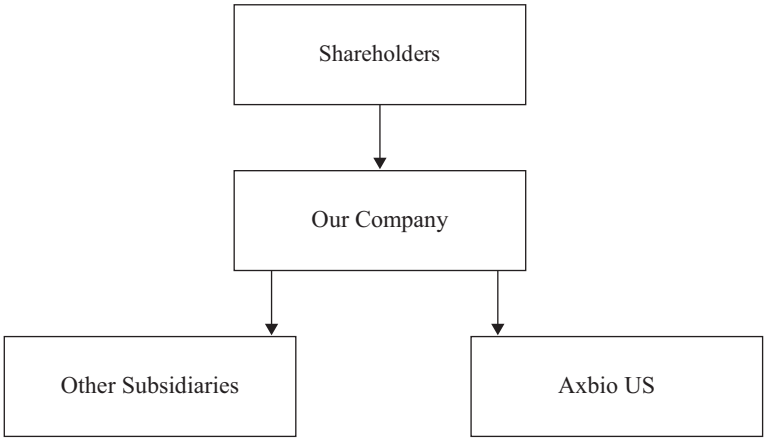
**(b) Incorporation of the Merger Sub**

On September 24, 2021, Axbio MergerCo, Inc. (the "**Merger Sub**") was incorporated in Delaware, the United States with limited liability, with our Company as its sole shareholder.

**(c) Merger with Axbio US and Allotment and Issuance of Shares of our Company**

On October 15, 2021, our Company, the Merger Sub and Axbio US entered into an agreement and plan of merger and reorganization, pursuant to which the Merger Sub was merged with and into Axbio US, the separate corporate existence of the Merger Sub ceased, and Axbio US continued as the surviving corporation and a wholly-owned subsidiary of our Company (the "**Merger**") effective from the date of the agreement. To reflect and mirror the then shareholding structure of Axbio US before the Merger at the level of our Company, each issued and outstanding share in Axbio US was automatically converted into and exchanged for one validly issued, fully paid and non-assessable Share or Preferred Share in our Company, with rights and preferences granted to the respective classes and series of shares as substantially similar as possible under the laws of the Cayman Islands to those granted to the shares in Axbio US. Upon the completion of the Merger, all the assets, property, rights, privileges, powers and franchises of Axbio US and the Merger Sub vested in Axbio US, and all debts, liabilities and duties of Axbio US and the Merger Sub became the debts, liabilities and duties of Axbio US.

The chart below sets out our Group's corporate and shareholding structure immediately following the completion of the Reorganization.



## SUBSEQUENT FINANCING

### (a) Series A-1 Financing

On October 15, 2021, our Company and the Series A-1 Investors entered into a share purchase agreement, pursuant to which the Series A-1 Investors agreed to subscribe for an aggregate of 12,071,463 Series A-1 Preferred Shares at an aggregate consideration of US$20 million as detailed below. For further details of the Series A-1 Financing, see "— Pre-[**REDACTED**] Investments" in this section.

| Series A-1 Investor | Number of Series A-1 Preferred Shares subscribed for | Consideration |
|---|---|---|
| Hangzhou Kaitai Hongze Venture Capital Partnership (Limited Partnership) (杭州凱泰宏澤創業投資合夥企業(有限合夥)) ("**Kaitai Hongze**") | 3,017,866 | US$5,000,000 |
| MSA Master Advantage Fund L.P.[(1)] | 3,017,866 | US$5,000,000 |
| 5Y Capital Evolution Fund II, L.P. ("**5Y Evolution II**") | 2,744,721 | US$4,547,453 |
| 5Y Capital Evolution Fund II Co-Investment, L.P. ("**5Y Evolution II Co-Investment**") | 273,145 | US$452,547 |
| Hua Capital Integrated Circuit Fund L.P. (元禾璞華集成電路美元基金(有限合夥)) ("**Hua Capital**") | 1,810,719 | US$3,000,000 |
| Yael Evergreen Fund SPC – Yael Evergreen SP I ("**Yael Evergreen**") | 603,573 | US$1,000,000 |
| Hannut Capital LP (瀛核資本合夥企業) ("**Hannut Capital**") | 603,573 | US$1,000,000 |
| **Total** | **12,071,463** | **US$20,000,000** |

*Note:*

(1) On April 27, 2022, MSA Master Advantage Fund L.P. transferred 3,017,866 Series A-1 Preferred Shares to MSA Venture Fund III L.P. (formerly known as MSA China Venture Fund III L.P.) ("**MSA Fund III**"), its affiliate, at nil consideration and ceased to be a Shareholder.

**(b) Series B Financing**

On May 27, 2022, our Group and the Series B Investors entered into a series B preferred shares purchase agreement, pursuant to which the Series B Investors agreed to subscribe for an aggregate of 37,557,408 Series B Preferred Shares at an aggregate consideration of US$70 million as detailed below. For further details of the Series B Financing, see "— Pre-[**REDACTED**] Investments" in this section.

| Series B Investor | Number of Series B Preferred Shares subscribed for | Consideration |
|---|---|---|
| AZ-CICC | 10,730,688 | US$20,000,000 |
| YF Digital Health Limited ("**YF Digital Health**") | 10,730,688 | US$20,000,000 |
| I-BRIDGE II INVESTMENT ONE PTE. LTD.(1) | 5,365,344 | US$10,000,000 |
| Future Industry Investment Fund (Suzhou) (先進製造產業投資(蘇州)基金(有限合夥)) ("**FIIF (Suzhou)**") | 5,365,344 | US$10,000,000 |
| 5Y Evolution II | 4,879,730 | US$9,094,907 |
| 5Y Evolution II Co-Investment | 485,614 | US$905,093 |
| **Total** | **37,557,408** | **US$70,000,000** |

*Note:*

(1) On December 30, 2022, I-BRIDGE II INVESTMENT ONE PTE. LTD. transferred 5,365,344 Series B Preferred Shares to I-Bridge II Investment AxBio Limited ("**I-Bridge**"), its affiliate, at a consideration of US$10,000,000 and ceased to be a Shareholder.

**PRE-[REDACTED] INVESTMENTS**

**(a) Principal Terms of the Pre-[REDACTED] Investments**

Our Group obtained multiple rounds of Pre-[**REDACTED**] Investments, which are summarized below:

| | Series Seed Financing(1) | Series A Financing(1) | Series A-1 Financing | Series B Financing |
|---|---|---|---|---|
| Date(s) of agreement(s) | June 28, 2016 to November 21, 2017 | August 29, 2018 to August 20, 2020 | October 15, 2021 | May 27, 2022 |
| Amount of consideration paid *(US$)* | 9,750,000 | 15,939,977(4) | 20,000,000 | 70,000,000(6) |
| Date of payment of consideration in full | May 13, 2020 | August 18, 2020 | April 15, 2022 | March 17, 2023 |
| Number of shares subscribed for | 22,260,460 | 10,308,994(4) | 12,071,463(5) | 37,557,408 |
| Cost per share paid *(US$)* | 0.4380 | 0.8972/1.6568 | 1.6568 | 1.8638 |

| | Series Seed Financing[(1)] | Series A Financing[(1)] | Series A-1 Financing | Series B Financing |
|---|---|---|---|---|
| Discount to the [**REDACTED**] (approximation)[(2)] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Post-money valuation of our Group[(3)] (approximation) *(US$)* | 52.9 million | 147.5 million/ 219.3 million | 239.3 million | 347.5 million |
| Basis of determination of valuation and consideration | The valuation of our Group and consideration for each round of the Pre-[**REDACTED**] Investments were determined based on arm's length negotiation between our Group and the Pre-[**REDACTED**] Investors taking into account the timing of the Pre-[**REDACTED**] Investments and our research and development progress and business prospects. | | | |
| Use of proceeds from the Pre-[**REDACTED**] Investments | We utilized the proceeds from the Pre-[**REDACTED**] Investments to finance our research and development activities and our daily operations. As of the Latest Practicable Date, approximately [91]% of the net proceeds from the Pre-[**REDACTED**] Investments had been utilized. | | | |
| Lock-up | The Pre-[**REDACTED**] Investors will not be subject to any lock-up arrangement at the time of [**REDACTED**] pursuant to the relevant agreements of the Pre-[**REDACTED**] Investments. | | | |
| Strategic benefits to our Group brought by the Pre-[**REDACTED**] Investors | Our Directors were of the view that our Group would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors and their industry knowledge and experience. The Pre-[**REDACTED**] Investments also demonstrated the Pre-[**REDACTED**] Investors' confidence in and endorsement of our research and development capabilities and business prospects. | | | |

*Notes:*

(1) The information of the Series Seed Financing and the Series A Financing set out in the table above refers to the allotment and issuance of the series seed preferred shares and the series A preferred shares by ACH or Axbio US (where applicable) before the Reorganization. For details, see "— Establishment and Early Development of Our Group" and "— Reorganization" in this section.

(2) The discount to the [**REDACTED**] is calculated based on (i) the assumptions that the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan, and (ii) the exchange rate of U.S. dollar to Hong Kong dollar set out in "Information about This Document and the [**REDACTED**]."

(3) The increase in the valuation of our Group was primarily due to the research and development progress and business prospects of our Group and the prevailing market sentiment in the venture capital markets at the time the investments were made. Specifically:

(i) the increase in the valuation of our Group from the Series Seed Financing to the Series A Financing was primarily due to the completion of our proprietary Bio-CMOS sequencing chip process integration;

(ii) the increase in the valuation of our Group from the Series A Financing to the Series A-1 Financing was primarily due to the release of engineering prototype of EL-NGS gene sequencer AxiLona AXP-100 and the release of engineering prototype of AxiLona EL-100;

(iii) the increase in the valuation of our Group from the Series A-1 Financing to the Series B Financing was primarily due to the launch of the product prototype of EL-NGS gene sequencer AxiLona AXP-100 and the establishment of our first GMP-compliant manufacturing facility in Wuxi, China; and

(iv) the increase in the valuation of our Group from the Series B Financing to the [**REDACTED**] was primarily due to the receipt of the CE marking for AxiLona EL-100, the completion of the clinical trial of AxiLona EL-100, and the receipt of the Class II medical device registration certificate for AxiLona EL-100 from the Jiangsu MPA.

(4) Excludes the 1,341,336 Series A Preferred Shares repurchased by our Company from Shantou Huarun on February 1, 2024 at a consideration of US$2,500,000.

(5) Excludes 484,016 nil-paid Series A-1 Preferred Shares alloted and issued to the Series A-1 Investors upon exercise of their anti-dilution rights in connection with the increase of the scheme limit of the Equity Incentive Plan in June 2022. Pursuant to the then effective articles of association of our Company, the Series A-1 Investors were entitled to anti-dilution rights if the number of Shares reserved for issuance under the Equity Incentive Plan increased by more than 1% of the then issued and outstanding Shares.

(6) Due to foreign exchange restrictions, one of the Series B Investors initially paid the subscription price through an onshore loan to our Group. After obtaining the necessary foreign exchange approval, our Group repaid the full amount of the onshore loan to the Series B Investor. The Series B Investor then converted the equivalent amount from RMB to U.S. dollars and transferred it to our offshore account. Due to exchange rate fluctuations between the date of onshore loan and the date of offshore remittance, the total consideration of the Series B Financing in U.S. dollars received by our Group was slightly less than US$70,000,000 as stipulated in the relevant agreement for the Series B Financing.

**(b) Special Rights of the Pre-[REDACTED] Investors**

Pursuant to the agreements entered into among our Company and our Pre-[**REDACTED**] Investors and our currently prevailing memorandum and articles of association, certain pre-[**REDACTED**] Investors were granted certain customary special rights, including, among others, information and inspection rights, right of first offer, prior sale right, right of first refusal, right of co-sale, drag-along rights and redemption rights (only available to the Series A-1 Investors and the Series B Investors). The redemption rights granted to certain Pre-[**REDACTED**] Investors ceased to be exercisable immediately before our Company's first submission of the first [**REDACTED**] to the Stock Exchange, and all other special rights granted to certain Pre-[**REDACTED**] Investors will be terminated upon the [**REDACTED**].

**(c) Joint Sponsors' Confirmation**

On the basis that (i) the respective consideration for the Pre-[**REDACTED**] Investments was settled more than 120 clear days before the [**REDACTED**], and (ii) the redemption rights granted to certain Pre-[**REDACTED**] Investors ceased to be exercisable immediately before our Company's first submission of the first [**REDACTED**] to the Stock Exchange, and all other special rights granted to certain Pre-[**REDACTED**] Investors will be terminated upon the [**REDACTED**], the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide.

**(d) Information about Our Pre-[REDACTED] Investors**

Our Pre-[**REDACTED**] Investors include certain Sophisticated Investors, namely AZ-CICC and YF Capital. The background information of our institutional Pre-[**REDACTED**] Investors is set out below. To the best knowledge of our Directors, save for (i) Hongxin HK which is wholly owned by Mr. Lizi Bie (別力子), our non-executive Director, and (ii) Shenzhen Leaguer Hongxin, whose general partner is controlled by Mr. Bie, each of the Pre-[**REDACTED**] Investors and their general partners and limited partners (as applicable) and ultimate beneficial owners or controllers is an independent third party.

***AZ-CICC***

AZ-CICC is a limited partnership established in the PRC. Its general partners are AstraZeneca Investment Consulting (Wuxi) Co., Ltd. (阿斯利康商務諮詢(無錫)有限公司) ("**AZ Investment Consulting**") and CICC Private Equity Management Co., Ltd. (中金私募股權投資管理有限公司) ("**CICC Capital Management**"), each holding 0.0018% of the partnership interest. As of the Latest Practicable Date, AZ-CICC had one limited partner, Wuxi AstraZeneca CICC Venture Capital Partnership (L.P.) (無錫阿斯利康中金創業投資合夥企業(有限合夥)) ("**Wuxi AZ-CICC**"), holding 99.9964% of the partnership interest. The general partner of Wuxi AZ-CICC is also AZ Investment Consulting.

CICC Capital Management is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司) (stock codes: 03908.HK; 601995.SH).

AZ Investment Consulting is a wholly-owned subsidiary of AstraZeneca Investment (China) Co., Ltd. (阿斯利康投資(中國)有限公司) and these entities are indirectly wholly-owned subsidiaries of the parent company AstraZeneca PLC ("**AstraZeneca**"), a public limited company with the principal markets for trading on the London Stock Exchange, Nasdaq Stockholm and the New York Stock Exchange (ticker symbol: AZN). AstraZeneca is a global science-led biopharmaceutical company that focuses on the discovery, development and commercialization of prescription medicines in oncology, rare diseases, and biopharmaceuticals, including cardiovascular, renal & metabolism, and respiratory & immunology. Based in Cambridge, UK, AstraZeneca's innovative medicines are sold in more than 125 countries and used by millions of patients worldwide.

AstraZeneca has indirectly invested in a number of healthcare and biotech companies including Abbisko Cayman Limited (和譽開曼有限責任公司) (stock code: 02256.HK) and Duality Biotherapeutics, Inc. (映恩生物) (stock code: 09606.HK).

***YF Capital***

YF Digital Health is a limited liability company incorporated in the BVI. It is wholly owned by Yunfeng Fund IV AIV II, L.P. ("**YF Fund IV**"). The general partner of YF Fund IV is Yunfeng Fund IV AIV GP, Ltd. ("**YF Fund IV GP**"), which holds no partnership interest. None of the limited partners of YF Fund IV holds more than 30% of the partnership interest. YF Fund IV GP is controlled by Mr. Feng Yu (虞鋒). YF Digital Health is an investment entity of YF Capital. YF Capital has assets under management of over US$15 billion. YF Capital has invested in a number of healthcare and biotech companies, including Brii Biosciences Limited (騰盛博藥生物科技有限公司) (stock code: 02137.HK), Meinian Onehealth Healthcare Holdings Co., Ltd. (美年大健康產業控股股份有限公司) (stock code: 002044.SZ), and WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司) (stock codes: 02359.HK; 603259.SH).

***5Y***

Each of 5Y Evolution II and 5Y Evolution II Co-Investment is a limited partnership established in the Cayman Islands and an investment entity of 5Y. They are both controlled by their general partner, 5Y Capital GP Limited. Mr. Qin Liu holds 100% equity interests in 5Y Capital GP Limited. None of the limited partners have held 30% or more partnership interest across 5Y Evolution II and 5Y Evolution II Co-Investment. 5Y is a venture capital firm which specializes in fostering the growth of outstanding companies in the information technology, life sciences, and consumer innovation sectors. 5Y has invested in other companies such as Xiaomi Corporation (小米集團) (stock code: 01810.HK), Kuaishou Technology (快手科技) (stock code: 01024.HK), XtalPi Holdings Limited (晶泰控股有限公司) (formerly known as QuantumPharm Inc.) (stock code: 02228.HK), Zhejiang Taimei Medical Technology Co., Ltd. (浙江太美醫療科技股份有限公司) (stock code: 02576.HK), etc.

***Kryssen 30***

Kryssen 30 is a limited liability company incorporated in the BVI. Kryssen 30 is held as to 60% by Senzi Wang and 40% by Yanfeng Zhang. Kryssen 30 has assets under management of US$200 million. It focuses on investments in the biotechnology sector and has invested in other biotech companies such as Seven Bridges Genomics Inc. and Totient, Inc. (which was acquired by Absci Corporation (ticker symbol: ABSI.Nasdaq)).

***Kryssen 29***

Kryssen 29 is a limited liability company incorporated in the BVI. As of the Latest Practicable Date, Kryssen 29 had five shareholders, with the largest shareholder, Yael Evergreen, holding 44.87% of the equity interest. None of the other shareholders of Kryssen 29 held more than 30% of the equity interest. Kryssen 29 is principally engaged in private equity investments in companies in high-tech, biological and medical sectors with assets under management of approximately US$5 million.

***I-Bridge***

I-Bridge is a limited liability company incorporated in the BVI. It is wholly owned by I-BRIDGE HEALTHCARE FUND II PTE. LTD. ("**I-Bridge Fund**"). I-Bridge Fund is ultimately controlled by Mr. Fu Wei. I-Bridge Fund is a healthcare focused venture capital fund.

***FIIF (Suzhou)***

FIIF (Suzhou) is a limited partnership established in the PRC. Its general partners are CS Capital Co., Ltd. (國投招商投資管理有限公司) ("**CS Capital**") and Suzhou Industrial Park Zhidao Private Equity Fund Management Co., Ltd. (蘇州工業園區致道私募基金管理有限公司) ("**Zhidao**"), each holding 0.2% of the partnership interest. Each of the two largest shareholders of CS Capital, namely China Merchants Capital Management Co., Ltd. (招商局資本管理有限責任公司) and China SDIC Gaoxin Industrial Investment Corporation Limited (中國國投高新產業投資有限公司), holds a 21.05% equity interest in CS Capital. Each of the two largest shareholders of Zhidao, namely Suzhou Chinese Consortium Holdings Co., Ltd. (蘇州中方財團控股股份有限公司) ("**Suzhou Chinese Consortium**") and Mr. Qiang Xu (許強), holds a 40% equity interest in Zhidao. As of the Latest Practicable Date, FIIF (Suzhou) had two limited partners, with Suzhou Chinese Consortium and Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥)) ("**FIIF II**") each holding 49.80% of the partnership interest. The largest shareholder of Suzhou Chinese Consortium is Suzhou Industrial Park State-owned Assets Holding Development Co., Ltd. (蘇州工業園區國有資本投資運營控股有限公司) ("**Suzhou Industrial Park**") holding 28.31% of the equity interest. Suzhou Industrial Park is owned as to 90% by Suzhou Industrial Park Administrative Committee (蘇州工業園區管理委員會). The general partner of FIIF II is CS Capital. CS Capital and its affiliates manage nearly RMB100 billion of capital from diversified investors, including financial institutions, insurance companies, private enterprises and state-owned enterprises. CS Capital focuses on four investment sectors: life science, intelligent NEV, smart manufacturing as well as information & communication technology.

***Hongxin HK***

Hongxin HK is a limited liability company incorporated in Hong Kong. Hongxin HK is wholly owned by Mr. Lizi Bie (別力子), our non-executive Director. Hongxin HK is principally engaged in equity investments and management consulting with a focus on key industries such as life sciences and advanced manufacturing.

***Tsinghua Leaguer***

Tsinghua Leaguer is a limited liability company incorporated in the Cayman Islands. Tsinghua Leaguer is ultimately wholly owned by Shenzhen Leaguer Co., Ltd. (深圳市力合科創股份有限公司) (stock code: 002243.SZ). Tsinghua Leaguer is principally engaged in venture capital investments with a particular focus on early-stage investments in next-generation information technology, intelligent manufacturing, health & life sciences, and new energy & materials.

***Shenzhen Leaguer Hongxin***

Shenzhen Leaguer Hongxin is a limited partnership established in the PRC. The general partner of Shenzhen Leaguer Hongxin is Zhuhai Zijing Hongxin Investment Management

Co., Ltd. (珠海紫荊泓鑫投資管理有限公司) ("**Zhuhai Zijing**"), holding approximately 0.33% of the partnership interest. Zhuhai Zijing is owned as to 70% by Mr. Lizi Bie (別力子), our non-executive Director. As of the Latest Practicable Date, Shenzhen Leaguer Hongxin had one limited partner, Shenzhen Hongxin Investment Partnership (Limited Liability) (深圳市泓鑫投資合夥企業(有限合夥)) ("**Shenzhen Hongxin**"), holding approximately 99.67% of the partnership interest. The general partner of Shenzhen Hongxin is Junting Li (李俊霆). Shenzhen Leaguer Hongxin is principally engaged in venture capital investments and equity investments.

***Green Pine***

Green Pine is a limited partnership established in the PRC. The general partner of Green Pine is Shenzhen Green Pine International Capital Management Partnership (Limited Partnership) (深圳市松禾國際資本管理合夥企業(有限合夥)) ("**Green Pine Capital**"), holding approximately 1.96% of the partnership interest. Green Pine Capital is ultimately controlled by Fei Luo (羅飛). As of the Latest Practicable Date, Green Pine had 26 limited partners, none of which held more than 30% of the partnership interest. Green Pine Capital specializes in early-stage and growth-stage investments with a focus on three key hard-tech sectors: digital technology, precision medicine, and innovative materials. Green Pine Capital now has assets under management of over RMB18 billion. Green Pine Capital has invested in a number of biotech companies, including BGI Genomics Co., Ltd. (深圳華大基因股份有限公司) (stock code: 300676.SZ), KINTOR PHARMACEUTICAL LIMITED (stock code: 09939.HK), and MGI Tech Co., Ltd. (深圳華大智造科技股份有限公司) (stock code: 688114.SH).

***Kaitai Hongze***

Kaitai Hongze is a limited partnership established in the PRC. The general partner of Kaitai Hongze is Hangzhou Kaitai Changhui Investment Management Co., Ltd. (杭州凱泰長匯投資管理有限公司) ("**Kaitai Changhui**") holding approximately 1.84% of the partnership interest. Kaitai Changhui is ultimately controlled by Yonghong Xu (徐永紅). As of the Latest Practicable Date, Kaitai Hongze had 17 limited partners, none of which held more than 30% of the partnership interest. Kaitai Hongze is a venture capital management institution mainly focusing on innovative investments including life sciences, artificial intelligence and digital industries.

***MSA Venture***

MSA Fund III is a limited partnership established in the Cayman Islands. The general partner of MSA Fund III is MSA China Venture Fund III GP LLC ("**MSA Venture**"). As of the Latest Practicable Date, save for MSA Master Advantage Fund L.P. ("**MSA Master Advantage Fund**"), no other limited partner of MSA Fund III held more than 30% of the partnership interest. Both the general partner of MSA Master Advantage Fund and MSA Venture is ultimately controlled by Yu Zeng (曾玉). MSA Venture focuses on private venture and growth assets and invests in highly innovative and disruptive companies in biotechnology and enterprise-facing core technology. MSA Venture has invested over US$500 million in the biotechnology sector for over 10 years, with a portfolio of about 30 companies, including Yidu Tech Inc. (醫渡科技有限公司) (stock code: 02158.HK) and ClouDr Group Limited (stock code: 09955.HK).

***Shantou Huarun***

Shantou Huarun is a limited partnership established in the PRC. The general partner and manager of Shantou Huarun is Hanwei Runchuang Equity Investment (Shantou) Co., Ltd. (漢威潤創股權投資(汕頭)有限公司) ("**Hanwei Runchuang**") holding approximately 0.25% of the partnership interest. Hanwei Runchuang is ultimately controlled by the SASAC. As of the Latest Practicable Date, Shantou Huarun had six limited partners, with the largest limited partner, Hanwei Huade (Tianjin) Investment Consulting Co., Ltd. (漢威華德(天津)投資諮詢有限公司) ("**Hanwei Huade**"), holding approximately 53.49% of the partnership interest. Hanwei Huade is ultimately controlled by China Resources Company Limited (中國

華潤有限公司), which is in turn wholly owned by the SASAC. No other limited partner of Shantou Huarun held more than 30% of the partnership interest. Shantou Huarun is principally engaged in equity investments with a focus on high-quality early-stage innovative companies.

***Foothill Ventures***

Tsingyuan Ventures is a limited partnership established in Delaware, the United States. The general partner of Tsingyuan Ventures is Tsingyuan Ventures I GP, LLC ("**Tsingyuan Ventures GP**") holding approximately 1.64% of the partnership interest. None of the limited partners of Tsingyuan Ventures holds more than 30% of the partnership interest. Tsingyuan Ventures GP is ultimately controlled by Jinlin Wang, Xuhui Shao and Eric Rosenblum.

Tsingyuan Opportunity is a limited liability company established in Delaware, the United States. The managing member of Tsingyuan Opportunity is Uplands View LLC ("**Uplands**") holding approximately 0.000125% of the membership interest. Upland is ultimately controlled by Jinlin Wang.

Both Tsingyuan Ventures and Tsingyuan Opportunity are investment entities of Foothill Ventures. Foothill Ventures is a technology-focused venture capital firm investing in early-stage technology-differentiated companies in software, life sciences, and deep tech sectors.

***Hua Capital***

Hua Capital is a limited partnership established in the Cayman Islands. The general partner of Hua Capital is Hua Capital Oriza Management Limited Partnership ("**Hua Capital Oriza**") holding approximately 0.77% of the partnership interest. Hua Capital Oriza is controlled by Mr. Haibin Wu (吳海濱) and Ms. Yue Liu (劉越). As of the Latest Practicable Date, Hua Capital had 12 limited partners, none of which held more than 30% of the partnership interest. Hua Capital is principally engaged in venture capital investments with a primary focus in the area of circuit industry chain and related subdivision as well as artificial intelligence, intelligent manufacturing and other advanced technology industries.

***MING Bioventures***

MING Bioventures is a limited partnership established in the PRC. The general partner of MING Bioventures is Suzhou MING Bioventures LP (蘇州聚明投資管理合夥企業(有限合夥)) ("**MING LP**") holding approximately 1.00% of the partnership interest. MING LP is ultimately controlled by Hua Guo (郭華). As of the Latest Practicable Date, MING Bioventures had 27 limited partners, none of which held more than 30% of the partnership interest. MING Bioventures is principally engaged in venture capital investments with over RMB500 million assets under management. The portfolio companies of MING Bioventures include Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司) (stock code: 02170.HK) and Suzhou Symap Medical Devices Co., Ltd. (蘇州信邁醫療器械有限公司).

***CIH Capital***

CIH Capital is a limited liability company incorporated in the BVI, which is wholly owned by Liao Lingxiang (廖凌祥). CIH Capital in principally engaged in investments.

***Yael Capital***

Yael Evergreen is a segregated portfolio created by and held under Yael Evergreen Fund SPC. Yael Evergreen Fund SPC is an exempted segregated portfolio company incorporated in the Cayman Islands. The management shares of Yael Evergreen Fund SPC is owned as to 100% by Yael Evergreen Capital Management Limited. None of the limited partners of Yael Evergreen holds more than 30% of the partnership interest. Yael Evergreen Capital Management Limited is ultimately controlled by Mr. Chong Liu. Yael Capital primarily engages in private equity investments in companies of high-tech, biological and medical sectors.

***Hannut Capital***

Hannut Capital is a limited partnership established in the Cayman Islands. The general partner of Hannut Capital is Hannut Advisor, which is ultimately controlled by Mr. Bo Tan. As of the Latest Practicable Date, Hannut Capital had four limited partners, with Triple Talent Enterprises Limited ("**Triple Talent**") and Cathay Capital International Limited ("**Cathay Capital**") each holding 32.61% of the partnership interest. Triple Talent is controlled by Mr. Bo Tan. Cathay Capital is controlled by Mr. Jason Wei Chen. None of the other limited partners held more than 30% of the partnership interest. Hannut Capital is principally engaged in equity investments.

***Radiance Capital***

Radiance Capital is a limited liability company incorporated in the BVI. It is owned by Jindi Chen (陳錦棣). Radiance Capital is principally engaged in investments. Radiance Capital previously invested in Mindray International Corporation.

***Bright Stone***

Bright Stone is a limited liability company incorporated in Hong Kong. Bright Stone is wholly owned by Win Bright Worldwide Limited. Win Bright Worldwide Limited is ultimately owned by Xu Hang. Bright Stone is principally engaged in equity investments in the artificial intelligence, semiconductor and biotechnology sectors with US$150 million assets under management.

## PUBLIC FLOAT AND FREE FLOAT

Our expected market capitalization upon the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan) will not exceed HK$6 billion regardless of whether the [**REDACTED**] is at the low end, mid-point or high end of the indicative range. Pursuant to Rule 8.08(1) of the Listing Rules, the minimum prescribed public float percentage applicable to our Shares is [**REDACTED**]% in all cases.

The 100,251,796 Shares held by Dr. Tian, Dr. Ivanov, Axbio Talent, Hongxin HK and Shenzhen Leaguer Hongxin, representing approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), will not be counted towards public float as Dr. Tian, Dr. Ivanov, Axbio Talent, Hongxin HK and Shenzhen Leaguer Hongxin are core connected persons of our Company.

To the best knowledge of our Directors, save as disclosed above, none of the other Shareholders (including the Pre-[**REDACTED**] Investors) (i) is a core connected person of our Company, (ii) has been financed directly or indirectly by a core connected person of our Company for the acquisition of Shares, or (iii) is accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of Shares registered in its name or otherwise held by it. Consequently, approximately [**REDACTED**]% of our Company's total issued Shares will be held by the public upon completion of the [**REDACTED**] in accordance with Rule 8.08(1) of the Listing Rules. In addition, our Company will satisfy the free float requirement under Rule 8.08A of the Listing Rules.

## COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor confirmed that the establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the applicable PRC laws and regulations in all material respects.

### SAFE Registration

Pursuant to the Circular of SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**") promulgated by the SAFE and became effective on July 4, 2014, (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among others, a change of the Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division.

Pursuant to the Circular of SAFE on Further Simplification and Improvement in Foreign Exchange Administration on 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》) promulgated by the SAFE and became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE branch to local banks where the assets or interests in the domestic entity are located.

Our PRC Legal Advisor is of the view that the SAFE Circular 37 does not apply to either Dr. Tian or Dr. Ivanov.

## CAPITALIZATION

The table below summarizes the capitalization of our Company as of the Latest Practicable Date.

| Shareholder | Shares held | Series Seed Preferred Shares held | Series A Preferred Shares held | Series A-1 Preferred Shares held | Series B Preferred Shares held | Aggregate shares held | Approximate percentage of issued share capital of our Company *(%)* |
|---|---|---|---|---|---|---|---|
| Dr. Tian | 55,233,000 | | | | | 55,233,000 | 30.44 |
| Dr. Ivanov | 27,616,000 | | | | | 27,616,000 | 15.22 |
| Axbio Talent | 10,288,610 | | | | | 10,288,610 | 5.67 |
| Kryssen 30 | 5,607,000 | | | | | 5,607,000 | 3.09 |
| Albert Chuch | 13,750 | | | | | 13,750 | 0.01 |
| Kryssen 29 | | 4,566,395(1) | | | | 4,566,395(1) | 2.52 |
| Radiance Capital | | 570,776(2) | | | | 570,776(2) | 0.31 |
| CIH Capital | | 1,141,553(3) | | | | 1,141,553(3) | 0.63 |
| Hongxin HK | | 4,566,210(4) | | | | 4,566,210(4) | 2.52 |
| Tsinghua Leaguer | | 4,566,210(5) | | | | 4,566,210(5) | 2.52 |
| Keung Ma | | 2,283,106(6) | | | | 2,283,106(6) | 1.26 |
| Green Pine | | 4,566,210(6) | | | | 4,566,210(6) | 2.52 |
| Shantou Huarun | | | 3,004,390 | | | 3,004,390 | 1.66 |
| Shenzhen Leaguer Hongxin | | | 2,547,976 | | | 2,547,976 | 1.40 |
| Tsingyuan Opportunity | | | 1,810,719 | | | 1,810,719 | 1.00 |
| Tsingyuan Ventures | | | 568,053 | | | 568,053 | 0.31 |
| MING Bioventures | | | 1,207,146 | | | 1,207,146 | 0.67 |
| Lau Kong Lo | | | 603,573 | | | 603,573 | 0.33 |
| Bright Stone | | | 567,137 | | | 567,137 | 0.31 |
| 5Y Evolution | | | | 2,854,773 | 4,879,730 | 7,734,503 | 4.26 |
| 5Y Evolution Co-Investment | | | | 284,097 | 485,614 | 769,711 | 0.42 |
| Kaitai Hongze | | | | 3,138,870 | | 3,138,870 | 1.73 |
| MSA Fund III | | | | 3,138,870 | | 3,138,870 | 1.73 |
| Hua Capital | | | | 1,883,321 | | 1,883,321 | 1.04 |
| Yael Evergreen | | | | 627,774 | | 627,774 | 0.35 |
| Hannut Capital | | | | 627,774 | | 627,774 | 0.35 |
| AZ-CICC | | | | | 10,730,688 | 10,730,688 | 5.91 |
| YF Digital Health | | | | | 10,730,688 | 10,730,688 | 5.91 |
| I-Bridge | | | | | 5,365,344 | 5,365,344 | 2.96 |
| FIIF (Suzhou) | | | | | 5,365,344 | 5,365,344 | 2.96 |
| **Total** | **98,758,360** | **22,260,460** | **10,308,994** | **12,555,479** | **37,557,408** | **181,440,701** | **100.00** |

*Notes:*

(1) Refer to series seed-1 preferred shares.

(2) Refer to series seed-2 preferred shares.

(3) Refer to series seed-3 preferred shares.

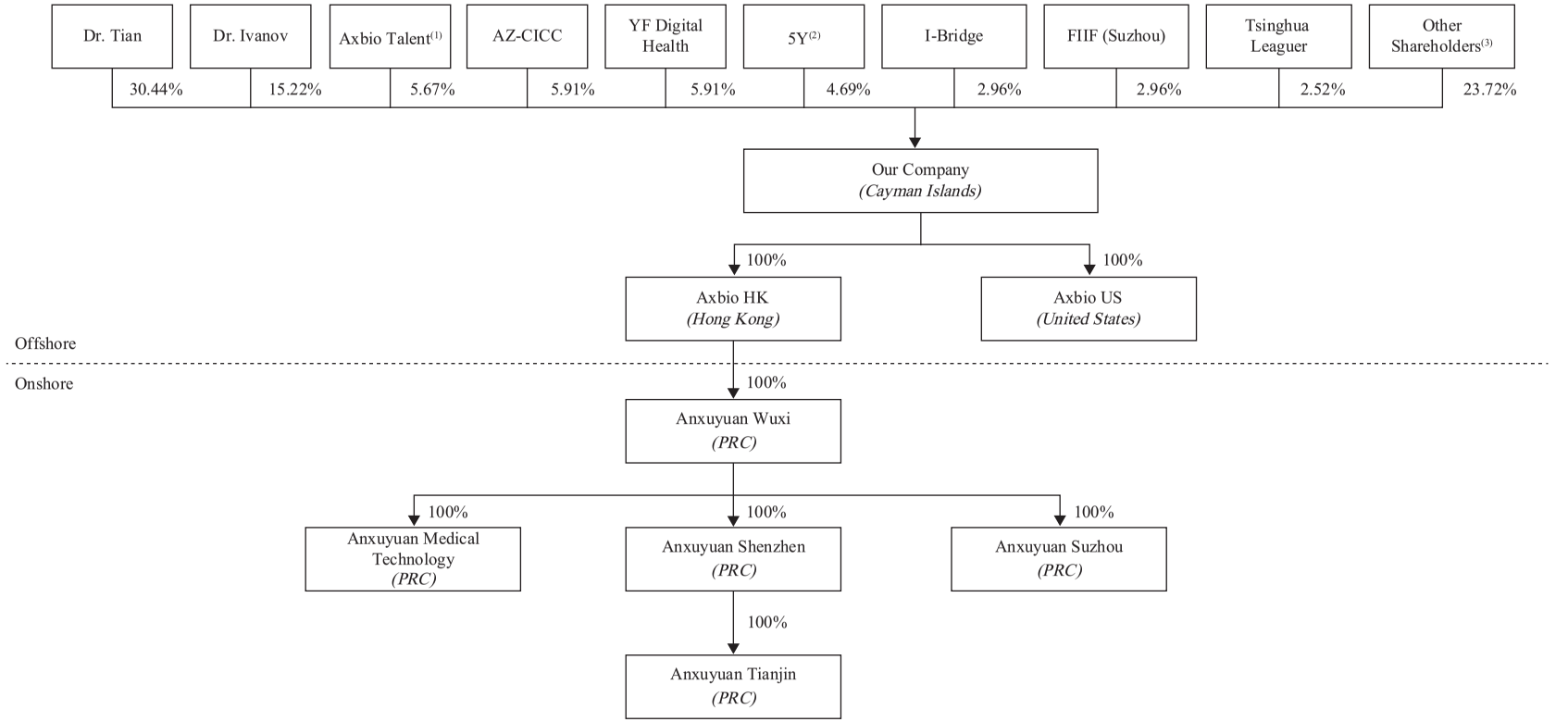
(4) Refer to series seed-4 preferred shares.

(5) Refer to series seed-5 preferred shares.

(6) Refer to series seed-6 preferred shares.

## CORPORATE AND SHAREHOLDING STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The chart below sets out our Group's corporate and shareholding structure immediately before the completion of the [**REDACTED**].




*Notes:*

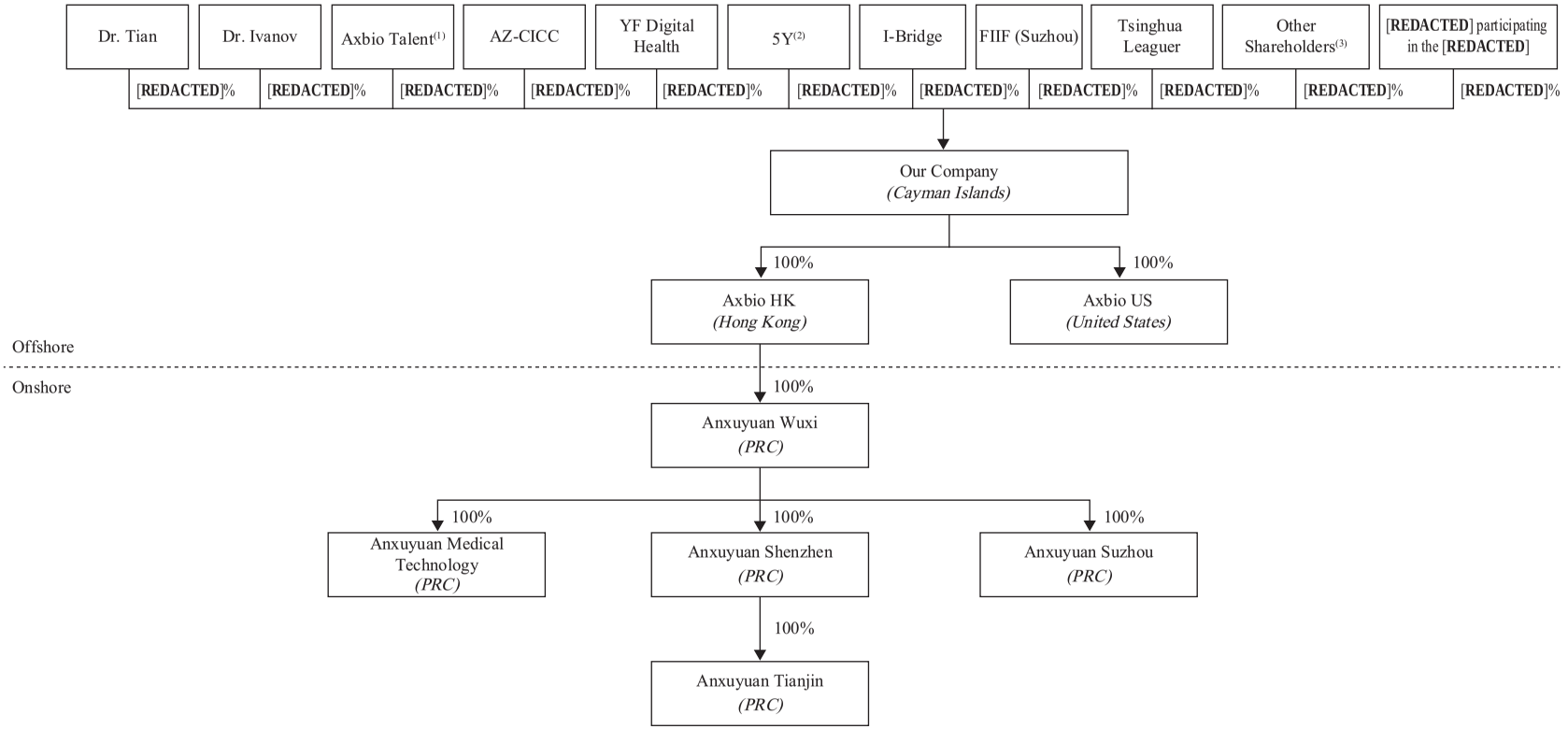
(1) Axbio Talent is wholly owned by Futu Trustee Limited ("**Futu**"), the trustee of the Axbio Employee Incentive Trust set up to facilitate the administration of the share awards granted to our employees and consultants under the Equity Incentive Plan. Pursuant to the trust deed constituting the Axbio Employee Incentive Trust entered into between our Company and Futu, Futu shall abstain and shall procure Axbio Talent to abstain from exercising the voting rights attached to the Shares held by Axbio Talent. For details, see "Appendix IV — Statutory and General Information — D. Equity Incentive Plan."

(2) 5Y includes 5Y Evolution II and 5Y Evolution II Co-Investment. For background information and shareholding details of 5Y, see "— Pre-[**REDACTED**] Investments — (d) Information about Our Pre-[**REDACTED**] Investors" and "— Capitalization of Our Company" in this section.

(3) For background information and shareholding details of the other Shareholders, see "— Pre-[**REDACTED**] Investments — (d) Information about Our Pre-[**REDACTED**] Investors" and "— Capitalization of Our Company" in this section.

## CORPORATE AND SHAREHOLDING STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The chart below sets out our Group's corporate and shareholding structure immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan).




*Notes (1) to (3):* See notes (1) to (3) to the chart in "Corporate and Shareholding Structure Immediately before the Completion of the [**REDACTED**]" in this section.

## OVERVIEW

We are a biotechnology company focused on and pioneering in the development and commercialization of molecular diagnostic instruments and biochips. Our product offerings include molecular diagnostic products and electrochemical long-read next-generation sequencing (EL-NGS) platform and biochips for multi-omics analysis.

### Our Strategic Focus

Our immediate strategic focus is on the commercialization and further application development of our molecular diagnostics products based on our proprietary electrochemical biochip technology. In parallel, as part of our long-term strategy, we will continue to develop our EL-NGS platform with long-read sequencing capabilities. This strategy is driven by the market demands for technologies with faster speed, higher accuracy, and greater accessibility.

#### *Molecular Diagnostics Products*

The market potential for molecular diagnostic product is immense, driven by the increasing demand for multiplex, rapid, cost-effective, and integrated detection solutions. The molecular diagnostic solutions currently available or under development primarily utilize non-sequencing testing methods, comprising fluorescence *in situ* hybridization (FISH), polymerase chain reaction (PCR) and gene chip. According to CIC, the global market of non-sequencing molecular testing reached US$9.8 billion in 2024, which is projected to grow to US$22.5 billion in 2033, representing a CAGR of 9.7%. Traditional PCR products are generally limited to detecting a small number of targets simultaneously and require multiple processing steps and specialized infrastructure, while NGS technologies, though comprehensive, are often cost-prohibitive and time-consuming. These unmet needs point to the market opportunity for innovative products featuring multiplex detection, lower costs and accelerated testing cycles.

Therefore, we have developed AxiLona EL-100, a molecular diagnostic product based on electrochemical biochip technology. According to CIC, the global electrochemical multiplex PCR-microarray testing market is projected to grow from US$397.6 million in 2024 to US$1,027.8 million in 2033 at a CAGR of 11.1%, with China's market projected to grow from US$2.2 million to US$56.4 million at a CAGR of 43.6%. The U.S. and EU markets are projected to reach US$292.6 million and US$448.5 million by 2033, respectively, from US$105.5 million and US$220.9 million in 2024, respectively.

AxiLona EL-100 is one of the few molecular diagnostic products in China capable of performing electrochemistry-based, multi-target, rapid, low-cost, and integrated detection of biomolecules. We have completed the clinical trial for AxiLona EL-100 and have received its registration approval from Jiangsu MPA in April 2025. According to the device registration specification approved by Jiangsu MPA, our AxiLona EL-100 provides qualitative analysis of current signals from nucleic acid microarray chips for nucleic acid-based medical testing applications and does not perform absolute quantification of nucleic acid samples. These microarray chips are components of test kits, and AxiLona EL-100 must be used in conjunction with compatible test kits for any clinical or research use only applications. Qualitative analysis determines the presence or absence of a target nucleic acid sequence in a sample and reports results as positive or negative, whereas quantitative analysis measures the initial copy number or concentration of a specific nucleic acid and reports numerical values. Accordingly, the AxiLona EL-100 provides qualitative results indicating whether the target nucleic acid is detected. We also plan to expand the clinical applications of the AxiLona EL-100 by adding protein detection functionality to address the huge market potential of protein testing.

***EL-NGS Platform***

Gene sequencing has diverse applications across clinical diagnostics, scientific research, drug development and other fields, representing a market with tremendous long-term growth potential. According to CIC, the global market size of high-throughput gene sequencing reached US$7.1 billion in 2024, and is expected to achieve US$21.9 billion in 2033, representing a CAGR of 13.2%.

However, mainstream NGS products fall short in meeting the demand for long-read sequencing with high accuracy and low cost, leaving significant unmet needs. We are developing AxiLona AXP-100, which, according to CIC, is the world's first EL-NGS gene sequencer, integrating semiconductor biochips with technologies across biochemistry, integrated circuits, microfluidics, AI, and bioinformatics to deliver long-read, high-accuracy, low-cost, and fast sequencing. According to CIC, the global EL-NGS testing market is estimated to increase from US$1.4 million in 2024 to US$501.0 million in 2033 at a CAGR of 91.8%. China's EL-NGS testing market is estimated to increase from US$1.4 million in 2024 to US$243.9 million in 2033 at a CAGR of 77.0%. The U.S. and EU ELNGS testing markets are estimated to increase from nil in 2024 to US$130.1 million and US$95.8 million in 2033, respectively. In 2024, the EL-NGS testing market accounts for approximately 0.0% of the overall high-throughput gene sequencing market globally, 0.1% in China, and nil in the U.S. and the EU.

***Expanding Offerings based on Foundational Technology***

Building upon our foundational technologies, we also provide customized small molecule synthesis and high-throughput protein mutagenesis services, and are advancing development of multi-omics detection solutions for multiplex protein marker detection and protein sequencing. In addition, we have developed the AxiLona Library Preparation Robotic System for automated library preparation through a collaborative partnership with a specialized liquid handling module manufacturer.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

## Our Strategic Pipeline

The pipeline chart below summarizes the development status of our product candidates, all of which are in-house developed.

| Product | Main Application | Market/Regulatory Authority | Category | Development Stage | | | | | Expected/Actual time for Completion of the Current Stage | Expected/ Actual Clinical Trial Start Time | Expected/ Actual Commercialization Approval Time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Pre-clinical | | | Clinical Trial[2] | Approval | | | |
| | | | | Design | Design Verification | Type Testing[1] | | | | | |
| **Devices** | | | | | | | | | | | |
| Microarray Analyzer AxiLona EL-100 ★ | Nucleic Acid Detection | EU/EU — German Institute for Medical Documentation and Information | A | | | | | | Q3 2023 | / | Q3 2023 |
| | | China/Jiangsu MPA[4] | II | | | | | | Q2 2025 | Q3 2024 | Q2 2025 |
| | | U.S./FDA | II | | | | | | Q1 2026 | Q3 2026 | Q4 2027 |
| | Nucleic Acid Detection & Protein Detection[3] | China/Jiangsu MPA[4] | II | | | | | | Q1 2026 | Q4 2026 | Q4 2027 |
| | | U.S./FDA | II | | | | | | Q1 2026 | Q4 2026 | Q4 2028 |
| EL-NGS Gene Sequencer AxiLona AXP-100 ☆ | Gene Sequencing | China/NMPA | III | | | | | | Q4 2025 | Q3 2026 | Q2 2028 |
| | | U.S./FDA | III | | | | | | Q2 2025 | Q4 2026 | Q4 2028 |
| EL-NGS Gene Sequencer AxiLona AXP-1000 | Gene Sequencing | China/NMPA | III | | | | | | Q3 2026 | Q2 2027 | Q2 2029 |
| | | U.S./FDA | III | | | | | | Q3 2026 | Q2 2028 | Q4 2030 |
| **Test Kits** | | | | | | | | | | | |
| Test Kit for X-linked Monogenic Disorder[5] | Genetic Disease Detection — Fragile X syndrome | China/NMPA | III | | | | | | Q3 2026 | Q4 2026 | Q2 2029 |
| Test Kit for Pathogenic Microorganism[6] | Respiratory Multiplex testing | China/NMPA | III | | | | | | Q2 2026 | Q4 2026 | Q2 2029 |
| | Meningitis | China/NMPA | III | | | | | | Q3 2026 | Q4 2026 | Q4 2028 |

★ Core Product ☆ Key Product

*Abbreviations: Q1 means the first quarter; Q2 means the second quarter; Q3 means the third quarter; Q4 means the fourth quarter*

*Notes:*

(1) For the FDA registration in the U.S., type testing refers to safety and performance testing.

(2) In the EU, Nucleic Acid Detection is regulated under the In Vitro Diagnostic Regulation (IVDR). Under the IVDR, Nucleic Acid Detection devices classified as Class A are exempt from the requirement for clinical trials.

(3) Although AxiLona EL-100 for nucleic acid detection and AxiLona EL-100 for both nucleic acid and protein detection differ in detection targets, reagent kits and software modules, they share the same hardware configuration and will be regulated as one product by Jiangsu MPA.

(4) According to the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》), as a Class II medical device, AxiLona EL-100 is regulated by the Jiangsu MPA.

(5) Designed for use in conjunction with AxiLona AXP-100.

(6) Designed for use in conjunction with AxiLona EL-100.

***AxiLona EL-100, our Core Product***

AxiLona EL-100 is a molecular diagnostic product based on electrochemical biochip technology. It delivers improved performance over conventional PCR systems, featuring a number of advantages, including multiplex target detection, high sensitivity, high specificity, rapid testing cycle, as well as smooth and safe user experience:

- *Multiplex detection.* AxiLona EL-100 can conduct target detection through 54 addressable electrodes, enabling simultaneous analysis up to 54 targets in a single test run, as validated through engineering and pre-clinical studies. Each target typically represents a characteristic nucleic acid sequence associated with a specific bacterium, virus, or gene of interest.

- *High sensitivity.* It can accurately detect positive samples across varying concentration levels, with a detection limit as low as 100 copies/mL. Our pre-clinical studies demonstrated that it accurately distinguished between positive and negative results across weak-positive, medium-positive, and strong-positive samples, achieving a 100% detection rate for all 85 positive samples.

- *High specificity.* It is capable of accurately differentiating target pathogens from non-target pathogens and minimizing false-positive results. In our preclinical studies, the system analyzed 397 negative samples, with only 2 false-positive reports, yielding a specificity of 99.5% (395/397).

- *Rapid testing cycle.* It also offers a relatively short turnaround time, completing the entire workflow including both automated and manual steps in under two hours, which is considerably faster than many conventional molecular diagnostic methods such as the commonly used multiplex PCR or multiplex PCR microarray platforms, according to CIC.

- *Smooth and safe user experience.* In terms of convenience, evaluation forms from clinical trials indicate that the system features efficient installation and setup, straightforward power-on/off procedures, simple sample loading and testing workflows, an intuitive user interface, easy cleaning and disinfection, and accurate operational status indicators, achieving an average score of 98 out of 100 across multiple evaluations. Furthermore, the device demonstrates favorable safety and stability profile, with no safety issue such as electrical leakage or physical damage, no malfunctions during operation, consistent long-term performance, accurate chip recognition, real-time status display, and automated report storage.

These features make it well-suited for scientific research supported by research-use-only (RUO) test kits, and for clinical applications supported by test kits developing with regulatory approval or through other pathways, distinguishing it from competing molecular diagnostic products. These features make it well-suited for not only clinical applications supported by developing test kits with regulatory approval or through other pathways, but also scientific research supported by RUO test kits.




*Appearance of AxiLona EL-100*

In June 2024, AxiLona EL-100 became eligible for expedited regulatory review under the Green Path channel by Jiangsu MPA. The Green Path is an elite program under which the NMPA or its local counterparts grants priority review and accelerated approval to medical device candidates which meet stringent innovation criteria, including self-developed and owned core intellectual property, internationally advanced technologies and clear clinical value, and being in an advanced development state. Based on the Innovative Medical Device Special Review and Approval Procedure (《創新醫療器械特別審查程序》), special review procedures shall apply to the examination of medical devices in the following circumstances: (i) the applicant legally owns the invention patent right of the core technology of the product in China through the technological innovation activities led by the applicant, or legally obtains the invention patent right or the right to use the same in China through an assignment in accordance with law, and the time between the application for the special review of innovative medical devices and the publication date of the patent authorization shall not exceed five years. Alternatively, the patent administrative department of the State Council has disclosed the application for the invention patent of the core technology, and the Patent Search and Consultation Center of the State Intellectual Property Office has issued a search report stating the novelty and creativity of the core technology solution of the product; (ii) the applicant has completed the preliminary research of the product and owns the product prototype, the research process is true and under control, and the research data is complete and traceable; and (iii) the main working principle or mechanism of action of the product is the first of its kind in China. It is also required that the product performance or safety has fundamental improvement compared with similar products, its technology is at the international leading level, and the clinical application value is significant. Compared to peer products, AxiLona EL-100 enables simultaneous detection of multiple targets at low cost and high speed, offering significant clinical value. Based on the above, Jiangsu MPA considers that AxiLona EL-100 has demonstrated its fundamental improvement compared with similar products, technological innovation at an international leading level, and met the above-mentioned criteria under the Innovative Medical Device Special Review and Approval Procedure (《創新醫療器械特別審查程序》) to apply the special review procedures under the Green Path.

Based on the Innovative Medical Device Special Review and Approval Procedure (《創新醫療器械特別審查程序》), a key benefit of the Green Path status is that prior to the acceptance of the registration application and in the process of technical review, the Center for Medical Device Evaluation of Jiangsu MPA may assign designated personnel to provide timely guidance upon the developer's requests and discuss relevant technical issues with the developer. The developer can request for discussion with designated personnel of the Center for Medical Device Evaluation of Jiangsu MPA on the following issues: (i) substantive technical issues; (ii) substantive safety issues; (iii) clinical trial plan; (iv) periodic summary and evaluation of the results of clinical trials; and (v) other important issues that need to be discussed. Such discussions will be documented and referred to in the Jiangsu MPA's review of the registration application after the application is submitted.

On May 9, 2024, the Jiangsu MPA accepted the administrative license application for the registration of AxiLona EL-100 as an innovative medical device submitted by Anxuyuan Wuxi (Application No.: 2024052010025). In June 2024, we received the "Notification of Review Decision for Innovative Medical Device Registration Application of Class II Medical Devices" (Notification No.: 20240031) from the Jiangsu MPA, marking that the product has officially entered the innovative product registration process.

We will be subject to ongoing regulations in terms of manufacturing, advertising, and promotion after the commercialization of AxiLona EL-100. To our knowledge, the Jiangsu MPA has not imposed any additional pre- or post-market requirements on AxiLona EL-100 or obligations on the marketing authorisation holder. We plan to further improve our quality management system, conduct continuous post-marketing research activities, carry out monitoring and re-evaluation of adverse events on a regular basis, and adopt an effective product recall policy to ensure customer safety and satisfaction. According to CIC, these ongoing regulatory obligations and reviews are industry norm for medical device companies, which we do not expect to have any material impacts on our business operations or affect the eligibility of AxiLona EL-100 as a Core Product.

We completed AxiLona EL-100's clinical trial in March 2025, and have received the Class II medical device registration certificate for AxiLona EL-100 from Jiangsu MPA in April 2025. In our completed clinical trial, our AxiLona EL-100 has demonstrated excellent detection consistency with the control system (a commercially available real-time fluorescence quantitative PCR instrument and respiratory pathogen nucleic acid detection kit). This clinical trial demonstrates that the consistency rate for the positive samples between our AxiLona EL-100 as the test system and the control system was 100.00%, the consistency rate for the negative samples between our AxiLona EL-100 as the test system and the control system was 100.00%, and the overall consistency rate was 100.00%. The Kappa value was 1.0000 (>0.75), indicating excellent detection consistency between the test system and the control system.

As to functionality, in this clinical trial, each positive and negative quality control sample yielded qualified results, with no instances of quality control failure. Also, during operation, the device correctly identified microarray chips, displayed working status, reported and stored detection results, and functioned normally, demonstrating high stability. The microarray analyzer maintained continuous operation without abnormal operations. As to convenience of use, the average user rating is 98 (out of 100). Furthermore, no safety-related events occurred.

***AxiLona AXP-100, our Key Product***

AxiLona AXP-100 EL-NGS gene sequencer, the world's first EL-NGS platform, according to CIC, achieves an optimal balance across four critical metrics: accuracy (>99%), read length (single-molecule cyclic sequencing with repetitive consensus analysis based on simultaneous synthesis and sequencing), cost (significantly lower cost per Gigabases of data), and speed (up to one million reads concurrently). AxiLona AXP-100 can serve both clinical applications such as diagnoses of cancer and infectious disease and scientific research needs including structural variations study, and single-gene disease investigation.




*Appearance of AxiLona AXP-100*

We launched the product prototype of AxiLona AXP-100 in 2021, and launched it for research use in 2023. We also plan to actively pursue the clinical application of AxiLona AXP-100. We completed the type testing for AxiLona AXP-100 in December 2025 in China and plan to initiate a clinical trial for AxiLona AXP-100 in the third quarter of 2026, after which we will pursue regulatory registration based on the trial outcomes.

***AxiLona AXP-1000***

We plan to develop AxiLona AXP-1000, which would feature a higher throughput sequencing chip with ten million nanopore channels, offering nearly ten times the throughput of the AxiLona AXP-100. AxiLona AXP-1000 is currently in the design phase and we expect to complete the design of AxiLona AXP-1000 in the third quarter of 2026.

***Test Kits***

Our test kits comprise biochips, reagents and other necessary consumables. We are currently developing test kits for both of our molecular diagnostic products and EL-NGS platform. For example, we have been actively advancing development of specialized test kits for genetic disease detection and pathogenic microorganism detection. We completed design verification of the genetic disease detection test kits, and expect the pathogenic microorganism detection test kits targeting bacteria, viruses, and fungi to complete the design verification in the second quarter of 2026.

***Other Product and Service Offerings***

One of our key offerings extended based on our foundational technology is custom synthesis of chemical products, which involves tailored small molecule synthesis, optimization, and enhancement of biological activity. This service has been fully developed, and we have already delivered two batches of products to clients in 2024. Another fully developed service we offer is high-throughput protein mutagenesis services, which typically includes gene synthesis, mutant library construction, protein expression and purification, high-throughput screening of mutants, and sequence validation.

We are also developing service solutions for multi-omics protein detection. These potential offerings include our ELP solution for multiplex protein marker detection built on the EL-100 platform and our AXPP solution for protein sequencing based on our EL-NGS platform. The development of these solutions is part of our long-term strategy to extend our core platform capabilities.

In addition, we have previously participated in the development of a consumer-focused non-invasive saliva glucose monitor for home-use point-of-care testing (POCT), using electrochemical detection technology. This saliva-based blood glucose monitoring solution enables users to obtain clinical-grade glucose readings through simple oral fluid collection, eliminating traditional blood sampling requirements. The development was conducted under a commissioned development arrangement with an industry research institution, and upon completion of the prototype development, all related rights and interests in the product were transferred to the commissioning party in accordance with the relevant agreements. This development experience and collaboration reflect our technical expertise and practical capabilities in electrochemical detection technologies and end-to-end product development.

The AxiLona Library Preparation Robotic System, a next-generation robotic platform for genomic workflow automation, represents our efforts to further expand product portfolio. The system combines industrial-grade robotic liquid handling, which achieves microliter-scale precision and enables the simultaneous processing of eight samples. Based on our internal testing, this system has demonstrated the potential to reduce processing time by approximately 50% compared to manual methods, while maintaining consistent library quality and yield. This robotic platform has already been integrated into our testing workflows, contributing to improved operational efficiency and consistency. Through a collaboration with a specialized liquid handling module manufacturer, we are incorporating high-quality robotic components and corresponding consumables into this system. We will enjoy the ownership of the patents related to such robotic system developed through the current partnership mode. In the future, we may forge additional partnerships with other industry players or suppliers to further enhance the automation and portability of sequencing workflows of our AxiLona Library Preparation Robotic System.

**Our Journey and Strategic Evolution**

Since our inception, our focus has been on the research and development of our foundational electrochemical detection technology and proprietary semiconductor biochips. Our initial vision was to create a versatile platform capable of detecting a wide range of substances, including nucleic acids, proteins, and small molecules.

The development journey for our core molecular diagnostics product, AxiLona EL-100, began in 2018 with the initial principle design. By October 2019, we had finalized the core detection solution, encompassing electrode modification, electrochemical detection methods, and sample preparation protocols. We released our first-generation electrochemical chip and a corresponding engineering prototype microarray analyzer in April 2020. A key milestone was achieved in November 2021 when we completed full system testing for pathogen detection application on our product prototype. In November 2022, we launched our second-generation electrochemical chip and microfluidic cassette, which significantly reduced costs and brought the technology to a level suitable for clinical applications.

This technological maturation informed our strategic decision to prioritize the commercialization of our molecular diagnostics product, AxiLona EL-100. This product utilizes a robust and mature hybridization-based biochemical methodology, enabling a more rapid development and clinical validation pathway compared to the more complex sequencing-by-synthesis biochemistry required for our EL-NGS platform. This strategic prioritization allows us to enter the clinical market sooner while we continue the long-term development of our EL-NGS platform, AxiLona AXP-100, for the research market and future clinical applications.

**Our Technology Platforms**

We focus on developing innovative life science technology platforms, with core expertise spanning four key areas: integrated circuit chips, synthetic biology and chemical engineering, electrochemistry and microfluidics, and artificial intelligence.

***Integrated Circuit Chip Technology***

Our semiconductor Bio-CMOS chip technology revolutionizes gene sequencing and molecular diagnostics. Designed using complementary metal oxide semiconductor (CMOS) principles and a 300mm, 65-nm fabrication process, these chips achieve highest density through unmatched high-throughput performance with over one million parallel nanopore detection cells per chip (with completed design of next generation chip scaling to tens of millions), reducing sequencing costs significantly. The chip's precision is enhanced by alternating current (AC) impedance detection and lab-on-chip microfluidics, which minimizes noise and boosts accuracy. Furthermore, its compatibility with standard semiconductor processes enables scaled mass production at reduced costs, creating a strong competitive edge. This proprietary technology positions us as a key player in the integration of semiconductor innovation with life sciences applications.

***Synthetic Biology and Chemical Engineering***

Our synthetic biology and chemical engineering platform is a cornerstone of our technological capabilities. Equipped with synthesis and analytical tools, this platform supports high-purity (HPLC main peak area ≥ 98% after purification, MS (mass spectrometry) purity ≥ 95%), customized synthesis of DNA, RNA, phosphoramidites, oligonucleotides, and modified dNTP biomarkers at batch capacities up to 1 mmol. These innovations enhance the signal-to-noise ratio in sequencing applications, improving data quality. Additionally, our AI-assisted enzyme engineering capabilities, including microfluidics-based high-throughput protein screening ($10^5$–$10^6$ mutants) and rational design systems, have led to the discovery of salt-tolerant, high-performance polymerases that drive the performance of our sequencing products. This comprehensive platform ensures we deliver solutions for the most demanding molecular biology challenges.

***Electrochemical and Microfluidic Integration***

Our Bio-CMOS chip's integration of electrochemical biosensing and microfluidic precision delivers transformative benefits for gene sequencing and molecular diagnostics. This technology enables ultra-low-cost instruments and test kits, high-density detection arrays with unparalleled sensitivity, accuracy, and speed. By eliminating bulky optical components,

our approach paves the way for miniaturized, portable and compact sequencing devices, making diagnostics more accessible. With its fast turnaround times and scalability, our electrochemical and microfluidic platform is setting a new standard for cost-effective and efficient molecular detection solutions, addressing a wide range of applications.

***Our AI Capabilities***

AI is at the core of our efforts in technological advancement, driving progress across multiple areas of our platform, including enzyme screening and engineering, product design and optimization, as well as data and bioinformatics analysis.

*AI-assisted Enzyme Engineering and Protein Screening and Modification*

Currently, the detection of AxiLona EL-100 process employs PCR polymerase, while the EL-NGS sequencing process makes use of polymerase. The performance of these enzymes is critical to the success of our products. AI plays an important part in our screening and engineering of enzymes, driving breakthroughs in precision and efficiency. Leveraging our expertise in synthetic biology and protein engineering, AI unlocks immense opportunities for the design and optimization of polymerases. Through AI-supported structural simulations and in-depth analyses, we can identify critical sites and refine enzyme modeling to achieve superior performance. Additionally, AI enables the development of microfluidics-based high-throughput protein mutation systems, further enhancing our capabilities. We have already established targeted gene mutation libraries using microfluidics-based PCR, facilitating protein-directed evolution through Compartmentalized Self-Replication. By integrating high-throughput screening results with AI-assisted rational design methodologies, our platform achieves high precision and efficiency in protein screening and modification. These advancements not only enhance the capabilities of our existing platforms but also expand our ability to provide comprehensive solutions in this domain.

*Enrich Offerings with AI: AI-enhanced Data Generation and Bioinformatics Analysis*

Our AI-assisted multiplex panel design for AxiLona EL-100 integrates machine learning with multiple bioinformatics alignment algorithms to identify highly specific primer-probe binding sites, optimize physical and chemical parameters, and perform specificity validation. Leveraging existing PCR/qPCR datasets to train predictive models, the system estimates amplification efficiency, assesses dimerization risk, enables multi-objective optimization, and detects aberrant sequence that may compromise amplification performance.

**Our R&D, Manufacturing and Commercialization Capabilities**

As a life sciences company founded in the U.S. and grown in China, we have been actively pursuing a multi-national strategy. Over the years, we have strategically established four R&D centers across Silicon Valley, Shenzhen, Tianjin, and Wuxi, each equipped with sophisticated experimental facilities to fuel our R&D endeavors. As of the Latest Practicable Date, our sophisticated and stable R&D team comprised 68 members with multidisciplinary backgrounds and industry know-how across semiconductor, biotechnology and artificial intelligence, over 70% of whom hold doctorate or master's degrees, including 11 core R&D personnel who are primarily responsible for key R&D functions such as instrumentation and electronics, chips, software and data, biochemistry, product application development and manufacturing process research. Globally, our founders have secured over a hundred issued patents, with several more under application.

We have established the first GMP-compliant manufacturing facility in Wuxi, Jiangsu Province, which spans a site area of approximately 4,100 sq.m. This facility is designed to support the demands for our instruments and their exclusively compatible test kits. We have received the medical device production permit for AxiLona EL-100 from Jiangsu MPA in April 2025. We are also accelerating our path to commercialization and have already developed a network of partners and clients who are trialing our product candidates. These

initiatives are anticipated to raise awareness about our products, paving the way for future market acceptance once they commercially scale up.

## COMPETITIVE STRENGTHS

**We are a frontrunner in integrated circuit biotechnology, specializing in the development of sophisticated life science tools, including molecular diagnostics products and electrochemical long-read next-generation sequencing (EL-NGS) platform, offering multi-omics solutions for life science research and clinical applications**

We are a frontrunner in integrated circuit biotechnology, specializing in developing specialist tools that drive innovation in life science sector. We specialize in molecular diagnostics product designed to provide rapid, reliable results in a wide range of clinical settings. Our portfolio includes EL-NGS platform, which delivers unparalleled accuracy and scalability for comprehensive genomic analysis. We are also actively expanding the boundaries of innovation in other products and services based on our foundational technology. Aiming to provide integrated multi-omics solutions, we are committed to empowering researchers and clinicians to address complex challenges, accelerate breakthroughs, and advance diverse applications in life sciences and clinical practice.

***Molecular diagnostics products***

The non-sequencing molecular testing market demands innovation for multiplex, rapid, cost-effective, and integrated detection solutions to address critical unmet needs. Our Core Product AxiLona EL-100 directly answers this market call. As demonstrated by data from preclinical studies and clinical trials, compared to traditional molecular diagnostic technologies such as fluorescence PCR, our AxiLona EL-100 exhibits distinct technical advantages, including simultaneous detection capability of up to 54 targets, high sensitivity with a detection limit as low as 100 copies/mL, specificity of 99.5%, turnaround time under two hours (considerably faster than many conventional methods, according to CIC), and user-friendly design with a convenience score of 98/100. These characteristics position our Core Product for both clinical and research applications, establishing clear differentiation in the competitive landscape. For the detailed performance profile, see "— Our Product and Service Portfolio — AxiLona EL-100 — Product Features and Technical Advantages."

AxiLona EL-100 was admitted into the Green Path by the Jiangsu MPA in June 2024. In its completed clinical trial, AxiLona EL-100 demonstrated 100% detection consistency (Kappa value of 1.0000) with the control system, with no safety-related events reported. We received the Class II medical device registration certificate from Jiangsu MPA in April 2025. We also received its CE marking in July 2023. See "— Our Product and Service Portfolio — AxiLona EL-100 — Summary of Clinical Trial Results" for further details.

***EL-NGS platform***

Despite significant development in the field, current mainstream NGS platforms exhibit substantial limitations in addressing the growing requirement for long-read sequencing capabilities — an evolving technology that delivers more comprehensive and clearer genetic insights. However, existing long-read sequencing technologies face persistent challenges in error reduction and cost efficiency that have limited their wide use. Our AxiLona AXP-100 has emerged as the world's first EL-NGS gene sequencer, according to CIC, combining semiconductor biochips with technologies across different scientific fields to solve the industry challenges. We have launched AxiLona AXP-100 for research use in 2023 and will actively pursue its clinical development.

AxiLona AXP-100 achieves an optimal balance across four critical metrics: read length, accuracy, cost, and speed. First, by employing our proprietary EL-NGS technology with proprietary polymerases and molecular tags, AxiLona AXP-100 enables simultaneous synthesis and sequencing. This single-molecule cyclic sequencing approach, combined with repetitive consensus analysis, delivers long reads with high precision and supports real-time

data output. Second, leveraging our proprietary semiconductor technology, we have developed an ultra-low-cost yet effective sequencing platform. Our globally first 300mm, 65nm process Bio-CMOS chip features over one million parallel nanopore detection units per chip with an AC impedance detection design, achieving ultra-high throughput that significantly reduces per-run sequencing costs while enabling fast sequencing speed through massive parallel processing. Third, we have achieved lower production costs for our Bio-CMOS sequencing chip, which has the highest sequencing channel density among comparable chips. We aim to achieve large-scale production to further reduce product costsand enable accessible enhanced applications such as protein sequencing.

***Extended product and service offerings***

Our technology platforms allow us to broaden our product and service portfolio across the biotechnology value chain. For services, highlights include customized small molecule synthesis and high-throughput protein mutagenesis in synthetic biology, and advancements in multi-omics protein detection solutions. Also, we are actively exploring development of other new products such as development of non-invasive saliva glucose monitor and AxiLona Library Preparation Robotic System for automated, high-precision sample processing.

**We focus on developing foundational platforms, with core expertise spanning four key areas: integrated circuit chips, synthetic biology and chemical engineering, electrochemistry and microfluidics, and artificial intelligence. The integration of IC (integrated circuits), BT (biotechnology), and AI (artificial intelligence) creates a uniquely distinctive position for us in the industry**

By seamlessly integrating IC (integrated circuits), BT (biotechnology), and AI (artificial intelligence), we have established a uniquely distinctive position in the industry. These diverse yet complementary areas of expertise enable us to create new and robust technological solutions that address complex challenges. Building on this foundation, we continuously leverage these technologies to develop a growing portfolio of new products and expand service offerings.

***Integrated Circuit Chip Technology***

Our semiconductor biochips are the core components of gene sequencers and other molecular diagnostic products. The technological leadership of these chips further drives the high throughput, low cost, and high accuracy of sequencing and molecular diagnostics. According to CIC, we are among the few companies in the molecular testing industry with a semiconductor R&D team, who possess extensive experience in advanced semiconductor process design and manufacturing focused on integration with bio liquids. Our chips are engineered based on traditional CMOS principles to enable multi-array scanning, the generation and reading of various electrochemical signals with a very low noise, and enabling high-speed analog-to-digital conversion on a large scale but using lab-on-chip microfluidics. By adopting an AC-based design, the size of each working cell is much smaller than that of direct current (DC)-based designs, allowing for higher energy integration on a single chip and making production easier using existing integrated circuit processes.

We have successfully developed the worlds' first 300mm, 65nm process Bio-CMOS chip with over one million parallel nanopore detection cells per chip. It has successfully undergone mass production and device validation, significantly reducing detection costs. Bio-CMOS chip is currently used in AxiLona platform, and is expected to be included in our multiple clinical and pre-clinical stage product candidates.

***Synthetic Biology and Chemical Engineering Technology***

We have developed a proprietary synthetic platform, which enables the synthesis and modification of sequencing-related molecules, and ensures the stable delivery of high-quality products. The synthesis platform is equipped with comprehensive synthesis and analytical instruments, capable of performing small molecule building block synthesis, post-synthetic

modification, preparation and purification, as well as analytical testing. This platform supports diverse synthesis applications, including standard DNA/RNA, modified DNA/RNA, modified nucleobases, and customized categories. It offers high synthesis capacity (maximum single-run synthesis up to 1 mmol) and high product purity (HPLC main peak area ≥ 98% after purification, MS purity ≥ 95%).

Furthermore, combining high-throughput protein screening based on microfluidics with AI-assisted rational protein design, we have established a foundational enzyme engineering technology platform. Our high-throughput protein screening platform can efficiently screen approximately $10^5$ to $10^6$ random mutants, while AI-assisted rational protein design enables sequence and key site analysis. The combination of these approaches forms our foundational enzyme engineering technology platform, which can be applied to scenarios such as protein function modification to enhance biological performance, or to synthetic biology for increasing the yield of bio-based compounds.

***Electrochemistry and Microfluidics Technology***

Our biochips combine electrochemical biosensor technology with precision microfluidic systems, significantly improving detection efficiency, lowering costs, and enabling compact, portable designs. These technologies are seamlessly integrated into our gene sequencers and molecular diagnostic products. Compared to optical signal detection methods, electrochemical detection delivers substantial cost advantages. Furthermore, the AC-based design minimizes equipment size and further reduces costs. Beyond gene sequencing, electrochemical and microfluidic technologies are adaptable to a variety of applications, including non-invasive saliva glucose monitoring and rapid multiplexed biomarkers detection.

***AI capabilities***

Our AI capabilities enhance our ability in synthetic technology and chemical engineering. For example, AI supported our design and optimization of polymerases. Utilizing AI-supported structural simulations and detailed analyses, we can identify key sites and improve enzyme modeling to deliver superior performance. Moreover, AI facilitates our development of microfluidics-based high-throughput protein mutation systems. We have also successfully established targeted gene mutation libraries through microfluidics-based PCR, enabling protein-directed evolution via Compartmentalized Self-Replication. By combining high-throughput screening data with AI-assisted rational design techniques, our platform achieves exceptional accuracy and efficiency in protein screening and modification. Our AI capabilities not only boost the effectiveness of our existing platforms but also broaden our ability to offer comprehensive solutions in this field.

Apart from empowering our synthetic biology and chemical engineering, AI is also transforming how we design and optimize our products. By leveraging deep learning structures, we have developed proprietary technologies that can significantly enhance the accuracy of gene sequencing, molecular diagnostics, and metagenomic assembly through our capabilities like our patented sequence correction methods and the MetaCONNET tool (a novel deep-learning polishing tool for polishing metagenomic assemblies).

**Robust and efficient R&D framework dedicated to fostering innovation and driving transformation**

We have established four R&D centers across Silicon Valley, Shenzhen, Tianjin, and Wuxi, with a multidisciplinary R&D team comprising 61% of our total workforce. Over 70% of these team members hold a master's or higher degree, and their expertise spans an array of specialized fields including, without limitation, integrated circuits, biochemistry, organic chemistry, surface physics, microfluidics, physical chemistry, bioinformatics, big data, and artificial intelligence. Globally, our founders have secured nearly a hundred issued patents for our Company, with several more under application.

We place great emphasis on independent R&D initiatives, and our technological prowess is further validated by a well-structured global intellectual property portfolio. As of the Latest Practicable Date, we owned an aggregate of 42 issued patents in China, 13 issued patents in the U.S. and other jurisdictions, as well as 17 software copyrights and four layout-design of integrated circuits registered in China, which collectively safeguard our proprietary products and technologies.

Our achievements in R&D are inseparable from a seasoned and visionary leadership team composed of industry veterans. Dr. Tian, our founder and CEO, brings a robust academic foundation complemented by over 100 issued patents globally as an inventor and over 20 years of industry experience in biotechnology and semiconductor. Dr. Ivanov, our founder and COO, holds an impressive track record of innovation, with over 100 issued patents as an inventor and numerous peer-reviewed publications to his name. Together, they bring a synergy of expertise, vision, and leadership that propels our innovation and shapes our growth trajectory.

In recognition of our R&D capabilities, we are the partner of choice with a number of globally renowned universities, research institutes, and biotechnology companies. We are actively fostering industry-academia collaborations, as exemplified by our collaboration on development of non-invasive saliva glucose monitor with an industry-leading research institute. We became an NVIDIA Inception Member in 2023, which allows us to leverage NVIDIA's cutting-edge technologies and open collaborative ecosystem to advance and promote the gene sequencing technology. We have also earned acknowledgement in the entrepreneurial and innovation sector, particularly by advancing to the finals of the inaugural Artificial Intelligence Challenge in the 2024 Nanshan "Entrepreneurship Star" competition.

**Integrated manufacturing and commercialization capabilities with a strategic and forward-looking outlook**

We are making significant strides in advancing our technology platform and a range of sophisticated life science tools. Our efforts focus on facilitating seamless transition across the biotechnology value chain, from research to industrial applications, and from laboratory to clinical settings. This strategic approach not only underscores our commitment to bridging scientific discovery with practical healthcare solutions, but also the viability of our business model in translating R&D achievements into tangible commercial success.

We have established the first GMP-compliant manufacturing facility in Wuxi, Jiangsu Province, which spans a site area of approximately 4,100 sq.m. This facility is designed to support the demands for our instruments and their exclusively compatible test kits. We have received the medical device production permit for AxiLona EL-100 from Jiangsu MPA in April 2025. We are also accelerating our path to commercialization and have already developed a network of partners and clients who are trialing our product candidates. These initiatives are anticipated to raise awareness about our products, paving the way for future market acceptance once they are officially launched.

As a life sciences company founded in the U.S. and grown in China, we have been actively pursuing a multi-national strategy. We have built an R&D center in the U.S., staffed by a dedicated overseas R&D team of experience professionals. We hold 13 issued overseas patents, with the majority of our patent portfolio protected globally. We have also reached collaborations with prestigious institutions such as Brown University and various overseas laboratories and testing centers, driving the global development and deployment of our products, particularly the EL-NGS platform. Additionally, we are expanding our commercial presence on a global scale, and may build sales and distribution channels in major international markets, as well as fostering international commercial partnerships. We believe this adaptive global expansion strategy will enable us to rapidly tap into regions with high demand for our proprietary products, enhancing market penetration and brand visibility.

**A seasoned management team with interdisciplinary scientific expertise and deep industry insight**

We are led by a seasoned management team with proven track record. Our founder and CEO, Dr. Tian, is a leading scientist who is the inventor of over 100 granted patents globally, with more than 20 years of experience in the fusion of biotechnology and semiconductor. Dr.

Tian obtained a bachelor's degree in applied physics with a minor in business management and a master's degree in engineering physics from Tsinghua University (清華大學) in the PRC in July 1993 and July 1996, respectively. He also obtained a master's degree in electrical engineering and a PhD degree in applied physics from Stanford University in the United States in January 1999 and September 2000, respectively. Before founding our Group, Dr. Tian served leadership roles at global pharmaceutical multinational company, and Silicon Valley technology companies such as InVisage Technologies Inc. (a fabless semiconductor pioneer acquired by Apple Inc. in 2017 and known for QuantumFilm, a quantum dot-based image sensor technology) and Aptina, positioning him as a pioneer in the convergence of biotechnology and semiconductor technology. Our founder and COO, Dr. Ivanov, is a successful serial entrepreneur with over 30 years of experience in semiconductor and technology industries. As an inventor of over 100 granted patents globally, his expertise in nanomaterials and semiconductor, honed through previous career at InVisage Technologies Inc., Intermolecular (an advanced material innovation company which later went public on Nasdaq and subsequently acquired by Merck KGaA.), Blue29, CuTek and Mattson, provide valuable insights into our technological advancements and potential commercial success.

Under Dr. Tian and Dr. Ivanov's leadership, we have assembled a visionary and insightful scientist-led management team, consisting of multiple serial entrepreneurs, executives from multinational corporations, engineers and scientists. Our management team have educational backgrounds from prestigious international universities, and extensive professional experience at various leading multinational enterprises and research organizations. Their comprehensive expertise across different key areas encompasses gene sequencing, molecular diagnostics, IC design, hardware development, software development, product commercialization, and business development. Their diverse, interdisciplinary expertise empowers us to address the complex challenges at the intersection of IC (integrated circuits), BT (biotechnology), and AI (artificial intelligence).

## STRATEGIES

### Accelerate the development of our product portfolio to solidify our competitive edge in molecular diagnostics products and EL-NGS gene sequencing

We have developed a robust product portfolio in molecular diagnostics and gene sequencing. Moving forward, we aim to accelerate product development across all stages, from preclinical studies all the way to research and clinical applications. Additionally, we are committed to advancing research and development efforts to introduce upgraded products and expand their range of applications. Specifically, we plan to prioritize the following product developments:

#### *AxiLona EL-100*

We plan to advance clinical development of AxiLona EL-100 in the U.S. We completed the type testing of our AxiLona EL-100 in nucleic acid detection in March 2026 and plan to initiate clinical trial in the third quarter of 2026. We plan to upgrade AxiLona EL-100 to enable both nucleic acid detection and protein detection. According to the consultations conducted by our legal advisors as to PRC laws with the regulatory authority Jiangsu MPA in April 2025, the addition of new protein detection functionality constitutes a registration variation matter rather than development of a new product, which will be covered under the same medical device registration certificate. This feature will be applicable in various clinical fields, including the detection of specific protein biomarkers related to Alzheimer's disease, aiding in its diagnosis. We completed the design of protein detecting function in March 2026.

We also plan to continue exploring its potentials in overseas markets. We received the EU CE marking for AxiLona EL-100 in July 2023, and expect to strategically expand its global presence through collaboration with local partners.

#### *AxiLona AXP-100*

We plan to actively pursue the clinical application of our EL-NGS gene sequencer AxiLona AXP-100. We completed the type testing for AxiLona AXP-100 in December 2025 in China and plan to initiate a clinical trial for AxiLona AXP-100 in the third quarter of 2026, after which we will pursue regulatory registration based on the trial outcomes.

We will continuously iterate and upgrade the AxiLona AXP-100 to enhance its capabilities and performance. Specifically, we plan to continuously optimize biochemical performance, enhance sequencing accuracy, establish multi-chip parallel processing capabilities, improve throughput, shorten detection process time, and reduce device size.

In addition, we plan to develop AxiLona AXP-1000, which would feature a higher throughput sequencing chip with ten million nanopore channels, offering nearly ten times the throughput of the AxiLona AXP-100. AxiLona AXP-1000 is currently in the design phase and we expect to complete the design of AxiLona AXP-1000 in the third quarter of 2026.

***AxiLona Library Preparation Robotic System***

We have established a collaboration with a manufacturer with extensive liquid handling module development who will supply the robotic components and corresponding consumables under the relevant contract terms to us. Looking ahead, we may establish additional partnerships with other industry players or suppliers to further enhance the automation and portability of our AxiLona Library Preparation Robotic System sequencing workflows.

***Test Kits***

We are progressing the development of test kits for both of our molecular diagnostic products and EL-NGS platform. We plan to continue advancing development of specialized test kits for genetic disease detection and pathogenic microorganism detection. We completed design verification of the genetic disease detection test kits, and expect the pathogenic microorganism detection test kits targeting bacteria, viruses, and fungi to complete the design verification in the second quarter of 2026.

**Expand and strengthen our core technology platform to further solidify our unique integration of IC (integrated circuits), BT (biotechnology), and AI (artificial intelligence)**

Our strategy focuses on enhancing and broadening our core technology platform, which is built upon our expertise across four pivotal domains: semiconductor technology, synthetic biology and chemical engineering, electrochemistry and microfluidics, and artificial intelligence. These core competencies enable us to pioneer innovations at the intersection of IC (integrated circuits), BT (biotechnology), and AI (artificial intelligence). By continually advancing our technological capabilities, we aim to strengthen this distinctive integration, unlocking new possibilities for solutions in both clinical and research applications. This commitment ensures that we remain at the forefront of scientific and technological convergence, addressing complex challenges with unparalleled precision and efficiency. We will continue to strengthen our IC and BT platforms through sustained R&D efforts and advancement. Leveraging the foundation of our IC and BT platform development, we are strategically accelerating our AI capabilities to continuously enhance our operational effectiveness, elevate customer experience, and extract maximum commercial value across our entire ecosystem. Building upon the technologies incubated within these platforms, we plan to progressively expand the boundaries of our product and service offerings to maximize the commercial value of our technology platforms.

**Build up domestic and international commercialization capabilities to drive the successive commercialization of our product pipeline**

We will continue to strengthen our in-house commercialization team and implement tailored strategies to meet the diverse demands of different application markets, including scientific research, clinical diagnostics, customs and disease control, translational medicine, and industrial sectors such as sequencing service providers. Our core sales strategy will focus on direct sales, allowing us to build strong customer relationships and deliver customized solutions. In parallel, we plan to establish a distributor network to penetrate specific market segments, leveraging local partnerships to enhance accessibility and expand our reach. By combining a specialized, market-focused commercialization team with a strategic mix of direct sales and distributor networks, we aim to maximize our market presence and drive the successful commercialization of our products.

We are actively preparing for the commercial launch of AxiLona EL-100 for clinical applications, and AxiLona AXP-100 for research applications in the future. We will adopt a

dual approach that combines endorsements from Key Opinion Leaders (KOLs) with market-focused education initiatives. KOL endorsements will help establish credibility and trust within the industry and among potential customers, while educational efforts will raise awareness, enhance understanding, and highlight the value of our technologies and solutions to a broader audience. Additionally, we aim to create an open and collaborative platform by establishing strategic partnerships with leading industry players and benchmark institutions. These partnerships will not only amplify our market presence but also foster innovation and shared growth, positioning us as a key player in the industry.

While establishing our domestic market presence, we plan to explore market expansions in overseas markets, targeting key regions such as the United States and the European Union. In the United States, we completed the type testing of our AxiLona EL-100 in nucleic acid detection in March 2026 and plan to initiate clinical trial in the third quarter of 2026. We also finished the design of the upgraded version of AxiLona EL-100 that covers both nucleic acid detection and protein detection in March 2026, and plan to initiate clinical trial in the fourth quarter of 2026. We completed the design verification of our AxiLona AXP-100 in the U.S., and plan to initiate the clinical trial in the fourth quarter of 2026. Specifically, for our AxiLona EL-100, we will pursue the FDA registration process under the 510(k) pathway. We are working with a CRO on the initial preparation of materials related to 510(k) requirements and have preliminarily identified a potential predicate device that could establish substantial equivalence, which has also undergone a clinical trial. Following this, together with the CRO, we plan to communicate with the FDA on review matters, complete type testing, conduct the requisite clinical trials, prepare comprehensive registration materials, and ultimately submit the 510(k) application.

In the EU where we have obtained the CE marking for our AxiLona EL-100, we will strategically prioritize Central Europe, leveraging its robust ecosystem of early adapters, research funding, and pharmaceutical giants, where we could differentiate through our platform's versatility, rapid test development capabilities, and reduced R&D costs. We will also actively explore the market potential in Eastern Europe by addressing price-sensitive segments with competitively priced, easy-to-operate solutions tailored to local needs. We will first assemble a specialized sales team supported by application scientists, while establishing distribution networks across major areas of the European Union. We will then pursue strategic application development partnerships with leading R&D institutions in main countries while engaging key opinion leaders across various sectors. We plan to launch our products in Europe in renowned academic conferences in 2026, complemented by targeted roadshows to healthcare facilities and pharmaceutical companies.

**Further enhance manufacturing capacity for gene sequencing and molecular diagnostic products**

We are focused on unlocking the production capacity of our Wuxi manufacturing base, which has been designed to support the manufacture of 1,000 instruments and 100,000 test kit units annually, ensuring it meets the demands of large-scale production. This facility will serve as a cornerstone for scaling our operations and maintaining consistent quality at high volumes.

To align with the anticipated progression of our new product pipeline, we are proactively planning to expand our production capacity. These preparations may include increasing manufacturing space, acquiring advanced equipment, optimizing supply chain management, and ensuring a skilled workforce to meet growing demands.

Furthermore, we are committed to enhancing the automation of our production lines. This includes implementing both fully and semi-automated systems to streamline processes, minimize manual intervention, and improve operational efficiency. By advancing our lean manufacturing capabilities, we aim to reduce production costs, increase output consistency, and respond swiftly to market needs.

## OUR PRODUCT AND SERVICE PORTFOLIO

The pipeline chart below summarizes the development status of our product candidates, all of which are in-house developed.

| Product | Main Application | Market/Regulatory Authority | Category | Development Stage | | | | | Expected/Actual time for Completion of the Current Stage | Expected/ Actual Clinical Trial Start Time | Expected/ Actual Commercialization Approval Time |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Pre-clinical | | | Clinical Trial[2] | Approval | | | |
| | | | | Design | Design Verification | Type Testing[1] | | | | | |
| **Devices** | | | | | | | | | | | |
| Microarray Analyzer AxiLona EL-100 ★ | Nucleic Acid Detection | EU/EU — German Institute for Medical Documentation and Information | A | | | | | | Q3 2023 | / | Q3 2023 |
| | | China/Jiangsu MPA[4] | II | | | | | | Q2 2025 | Q3 2024 | Q2 2025 |
| | | U.S./FDA | II | | | | | | Q1 2026 | Q3 2026 | Q4 2027 |
| | Nucleic Acid Detection & Protein Detection[3] | China/Jiangsu MPA[4] | II | | | | | | Q1 2026 | Q4 2026 | Q4 2027 |
| | | U.S./FDA | II | | | | | | Q1 2026 | Q4 2026 | Q4 2028 |
| EL-NGS Gene Sequencer AxiLona AXP-100 ☆ | Gene Sequencing | China/NMPA | III | | | | | | Q4 2025 | Q3 2026 | Q2 2028 |
| | | U.S./FDA | III | | | | | | Q2 2025 | Q4 2026 | Q4 2028 |
| EL-NGS Gene Sequencer AxiLona AXP-1000 | Gene Sequencing | China/NMPA | III | | | | | | Q3 2026 | Q2 2027 | Q2 2029 |
| | | U.S./FDA | III | | | | | | Q3 2026 | Q2 2028 | Q4 2030 |
| **Test Kits** | | | | | | | | | | | |
| Test Kit for X-linked Monogenic Disorder[5] | Genetic Disease Detection — Fragile X syndrome | China/NMPA | III | | | | | | Q3 2026 | Q4 2026 | Q2 2029 |
| Test Kit for Pathogenic Microorganism[6] | Respiratory Multiplex testing | China/NMPA | III | | | | | | Q2 2026 | Q4 2026 | Q2 2029 |
| | Meningitis | China/NMPA | III | | | | | | Q3 2026 | Q4 2026 | Q4 2028 |

★ Core Product ☆ Key Product

*Abbreviations: Q1 means the first quarter; Q2 means the second quarter; Q3 means the third quarter; Q4 means the fourth quarter*

*Notes:*

(1) For the FDA registration in the U.S., type testing refers to safety and performance testing.

(2) In the EU, Nucleic Acid Detection is regulated under the In Vitro Diagnostic Regulation (IVDR). Under the IVDR, Nucleic Acid Detection devices classified as Class A are exempt from the requirement for clinical trials.

(3) Although AxiLona EL-100 for nucleic acid detection and AxiLona EL-100 for both nucleic acid and protein detection differ in detection targets, reagent kits and software modules, they share the same hardware configuration and will be regulated as one product by Jiangsu MPA.

(4) According to the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》), as a Class II medical device, AxiLona EL-100 is regulated by the Jiangsu MPA.

(5) Designed for use in conjunction with AxiLona AXP-100.

(6) Designed for use in conjunction with AxiLona EL-100.

Our EL-NGS platform underpins both of our products and spans four key areas: integrated circuit chips, synthetic biology and chemical engineering, electrochemistry and microfluidics, and artificial intelligence. Our integrated circuit chip technology enables high-throughput, low-cost, and high-precision sequencing, providing essential capabilities for both products, such as multi-target detection and nanopore sequencing. Our synthetic biology and chemical engineering platform enhances the quality of biomarkers and improves enzyme performance, ensuring accurate and reliable results. The integration of electrochemical and microfluidic technologies makes our products more cost-effective, portable, and efficient. Additionally, AI algorithms optimize the accuracy of sequencing and bioinformatics analysis, allowing for continuous improvement in both diagnostic and sequencing applications. See "— Research and Development — Our Technology Platform" for further information.

We provide comprehensive gene sequencing or molecular diagnostics solutions to our customers, including packages that integrate instrument, test kits, and other essential consumables. This end-to-end approach ensures clients receive a fully optimized testing system rather than isolated components.

**AxiLona EL-100 — Our Core Product**

We are developing AxiLona EL-100, a molecular diagnostic product based on electrochemical biochip technology. AxiLona EL-100 is one of the few molecular diagnostic product in China capable of performing electrochemistry-based, multi-target, rapid, low-cost, and integrated detection of biomolecules. It delivers improved performance over conventional PCR systems, featuring a number of advantages, including multiplex target detection, high sensitivity, high specificity, rapid testing cycle, as well as smooth and safe user experience. See "— Overview — Our Strategic Pipeline — AxiLona EL-100, our Core Product" for further information. AxiLona EL-100 has demonstrated a favorable safety profile and was found to meet the applicable national and industry safety standards, including GB 4793.1-2007, GB 4793.9-2013 and YY 0648-2008, as established in the type testing report. Type testing is a mandatory step in the medical device registration process in China. The type testing shall be conducted in accordance with the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》), which require that medical devices undergo testing against applicable product technical requirements prior to clinical trial initiation or registration application. These features make it well-suited for scientific research supported by RUO test kits, and for clinical applications supported by developing test kits with regulatory approval or through other pathways, distinguishing it from competing molecular diagnostic products.




*Appearance of AxiLona EL-100*

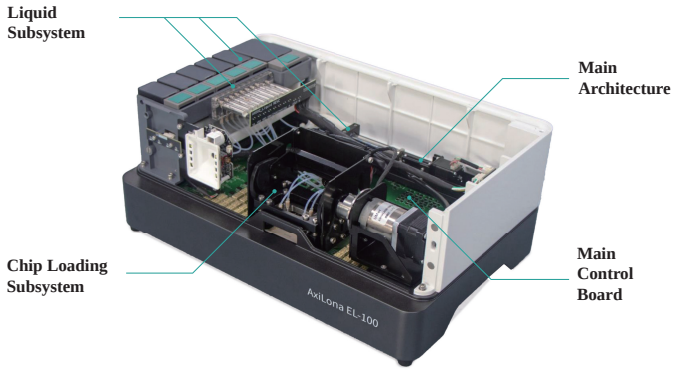
AxiLona EL-100 was admitted into the Special Registration Procedures for Innovative Class II Medical Devices (commonly known as Green Path) by the Jiangsu MPA in June 2024. We completed its clinical trial in March 2025, and have received the Class II medical device registration certificate for AxiLona EL-100 from Jiangsu MPA in April 2025. This registration approves AxiLona EL-100 for the qualitative analysis of signals generated by nucleic acid microarray chips in support of nucleic acid-based medical testing applications, and is not intended for absolute quantification of nucleic acid samples. These microarray chips are components of test kits, and AxiLona EL-100 must be used in conjunction with compatible test kits for any clinical or research use only applications. We also received the CE marking for

AxiLona EL-100 in July 2023. The targeted indication for the original version of AxiLona EL-100 is nucleic acid detection alone, and we plan to develop an upgraded version to cover both nucleic acid detection and protein detection.

Test kits are designed to be used in conjunction with AxiLona EL-100 for both clinical applications and RUO purposes. AxiLona EL-100 works with compatible test kits containing a microarray chip to collect and analyze electrical signals from the nucleic acid microarray chip. This allows for qualitative detection in nucleic acid-based testing, and it, as a versatile platform, can be applied to scientific research supported by RUO test kits, to clinical applications supported by developing test kits with regulatory approval or through other pathways. We are actively enhancing its capabilities with a new suite of specialized test kits. In clinical settings, our existing and upcoming kits will enable AxiLona EL-100 to detect multiplex respiratory pathogens (five targets) and multiplex meningitis pathogens (seven targets). For life science research, AxiLona EL-100 supports assays such as respiratory syncytial virus (RSV), multiplex respiratory detection panels (including 3-plex and 16-plex options) and single nucleotide polymorphism (SNP) detection for high-altitude adaptation studies. We are also pursuing collaborative opportunities with third parties, including end-users of the AxiLona EL-100, to develop innovative test kits for targeted indications. There is no difference in the regulatory approval pathways between our self-developed test kits and those developed by third parties.

***Product Components and Operation Procedure***

AxiLona EL-100 is composed of several key components: a main framework (housing), a main control board (electronic circuitry system), a chip loading subsystem (including mechanical movement parts and current signal acquisition module), a liquid flow subsystem (containing the reagent storage system and liquid circulation system), adapters, and software.




*Key Components of AxiLona EL-100*

AxiLona EL-100 uses a motor-driven mechanism to automatically load and eject disposable microarray chips, ensuring smooth electrical connection between the chip and the device. The user operates the system via a computer with a mouse and keyboard. Data is exchanged between the computer and the device through a USB cable, allowing the computer to read and analyze the sample electrical signals collected by the device. The workflow of AxiLona EL-100 is as follows: ***(i) chip fabrication:*** Multiple oligonucleotide probes are immobilized on the chip using specialized techniques. The design of the chip ensures that the probes are arranged in a precise spatial pattern, facilitating accurate discrimination of targets during the hybridization process. ***(ii) sample preparation:*** The workflow begins with nucleic acid extraction from biological samples such as blood or nasal swabs. Nucleic acid extraction is performed automatically. The extracted nucleic acids are then manually transferred to the PCR amplifier, after which multiplex PCR amplification is performed, serving as library preparation step to produce detectable targets. ***(iii) hybridization:*** The prepared samples are subsequently loaded manually into the chip for hybridization. The electrochemical labeled targets together with controls then are mixed and applied to the fabricated chip, which is followed by washing steps to remove the non-specific interactions. ***(iv) signal detection and***

***analysis:*** After short hybridization, the chip is loaded into AxiLona EL-100. When voltage is applied to the chip, redox reactions generate distinctive electrical signals. The signals are then processed by specialized software to produce test report accordingly.




*Workflow of AxiLona EL-100*

AxiLona EL-100 can scan barcodes on the microarray chip and sample cards, or users can manually input the chip and sample card information. During testing, the device displays its operational status and data. After testing, AxiLona EL-100 automatically generates and stores results. The product allows for sorting, filtering, exporting, and reviewing of results. Each test takes approximately three minutes to complete.

***Product Features and Technical Advantages***

As a next-generation molecular diagnostic platform based on microarray and electrochemical signal sensors, the AxiLona EL-100 addresses the limitations of existing fluorescence PCR products, such as the limited number of detectable targets, and the high cost and lengthy cycle time of mNGS (massively parallel sequencing) testing. It offers the following significant advantages:

- ***Multiplex detection.*** AxiLona EL-100 can detect up to 54 nucleic acid targets simultaneously, making it highly versatile for various diagnostic needs. Each target typically represents a characteristic nucleic acid sequence associated with a specific bacterium, virus, or gene of interest. It has been validated through engineering and pre-clinical studies to support multiplex detection of up to 54 targets in a single test run, significantly enhancing diagnostic efficiency compared to traditional methods, which typically focus on only four to six targets at a time. By enabling the detection of multiple biomarkers in a single test, it improves throughput and offers comprehensive analysis in a shorter period.

- ***Cost-effectiveness.*** Other multi-target molecular diagnostics, especially mNGS and tNGS, can be expensive, due to the need for complex equipment and test kits. In contrast, the electrochemical approach used in AxiLona EL-100 lowers costs by 1/2-1/3, according to CIC, making it more affordable for both clinical and research applications.

- ***High sensitivity and specificity.*** AxiLona EL-100 stands out for its high sensitivity. It is capable of accurately detecting positive samples across varying concentration levels, including low-concentration samples, with a detection limit as low as 100 copies/ml, compared with the detection limits of 300 to 500 copies/ml for instruments currently registered in China. Our pre-clinical studies demonstrated that it accurately distinguished between positive and negative results across weak-positive, medium-positive, and strong-positive samples, achieving a 100% detection rate for all 85 positive samples. AxiLona EL-100 also showed excellent specificity, accurately differentiating target pathogens from non-target pathogens and minimizing false-positive results. In our preclinical studies, the system analyzed 397 negative samples, with only 2 false-positive reports, yielding a specificity of 99.5% (395/397). Such characteristic is crucial for accurate and timely diagnoses and detection.

- ***Rapid testing cycle.*** AxiLona EL-100 offers a relatively short turnaround time, completing the entire workflow (including both automated and manual steps) in under two hours, which is considerably faster than many conventional molecular diagnostic methods, according to CIC. Traditional multiplex PCR-microarray workflows in routine clinical laboratories typically require 5–8 hours to complete due to multiple manual steps involved in amplification, hybridization, and detection. While certain cartridge-based systems can achieve turnaround times of approximately 1–2 hours, high-throughput or batch-processing scenarios often extend the timeline to 12 hours or more, particularly where prolonged hybridization is employed.

- ***User-friendly design***. The device is designed to facilitate ease of use. After sample addition and incubation, the process is simplified to just loading the chip and pressing a single button to initiate the test. In terms of convenience, evaluation forms from clinical trials indicate that the system features efficient installation and setup, straightforward power-on/off procedures, simple sample loading and testing workflows, an intuitive user interface, easy cleaning and disinfection, and accurate operational status indicators, achieving an average score of 98 out of 100 across multiple evaluations.

- ***Compact and portable size.*** Weighing only 6.15kg and designed with a compact form factor, AxiLona EL-100 is highly portable. Unlike large-scale instruments designed exclusively for centralized, high-throughput environments, AxiLona EL-100 features a compact and lightweight design. This makes it suitable not only for high-volume laboratories but also for decentralized testing scenarios, such as smaller hospitals or regional clinics where space is a key consideration.

***Market Opportunity and Competition***

According to CIC, the global electrochemical multiplex PCR-microarray testing market is projected to reach US$1,027.8 million in 2033 with a CAGR of 11.1% from 2024 to 2033. China's electrochemical multiplex PCR-microarray testing market is projected to reach US$56.4 million in 2033 with a CAGR of 43.6% from 2024 to 2033.

As of December 31, 2025, there were an aggregate of 80 multiplex PCR-microarray testing instruments developed by 58 companies had been approved by the NMPA or its local counterparts, of which only two were electrochemical platforms, including our Core Product AxiLona EL-100. In 2024, the top five players in China's non-sequencing molecular testing market collectively held over 50% of the market share by revenue, with the single largest player accounting for 13.2%. In contrast, the electrochemical multiplex PCR-microarray testing segment was highly concentrated, with the only two approved instruments capturing the entire market share in China for the same year.

Our AxiLona EL-100 was strategically developed to address substantial market opportunities. While not universally applicable to every end-user category, the platform demonstrates extensive market reach and customer base potential. Built on an innovative technology platform, the AxiLona EL-100 delivers cost-effective, high-multiplex detection capabilities that are particularly well-suited for pathogen detection and genetic disease screening applications. Notably, high-multiplex pathogen detection represents a significant market opportunity with diverse application scenarios. See "Industry Overview — Overview of Non-Sequencing Molecular Testing Market" for further information.

***Summary of Clinical Trial Results***

*Trial design*

We initiated a clinical trial to evaluate the clinical safety and effectiveness of the AxiLona EL-100 in August 2024. This clinical trial is designed to evaluate as a proxy for general functionality rather than for full-panel validation. In the *in vitro* diagnostics industry, clinical trials for medical devices are conducted to verify the general functionality, while clinical trials for test kits are performed to validate full-panel performance for specific indications.

The clinical trial design for AxiLona EL-100 was formulated to validate the efficacy and safety of AxiLona EL-100 as a microarray analyzer for nucleic acid detection applications. The clinical trial design is scientifically robust, primarily aimed at demonstrating that AxiLona EL-100 possesses functional capabilities and competency in nucleic acid detection with established safety profiles. The selection of control system was intended to demonstrate that AxiLona EL-100 exhibits equivalent nucleic acid detection capabilities compared to the control systems, rather than to prove superior or equivalent performance to other products utilizing the same electrochemical technology. Considering that other similar products using electrochemical technology have not been widely commercialized and are not considered standard in current clinical practice, comparisons with such products in clinical trials are seen as lacking clinical and scientific relevance. In contrast, the control systems selected for our clinical trials are established standards in current clinical practice, making them more appropriate for clinical trial design.

In this trial, the AxiLona EL-100 was used in conjunction with a self-developed nucleic acid detection kit for respiratory syncytial virus (RSV) as the test system and a commercially available real-time fluorescence quantitative PCR instrument and respiratory pathogen nucleic acid detection kit were used as the control system for RSV detection on the same swab sample. The respiratory pathogen nucleic acid detection kit used by the control system is a third-party commercially available test kit developed and manufactured by a molecular diagnostics company based in China. The control kit is an approved product, and is designed for the qualitative detection of six common respiratory pathogens using PCR fluorescence probe technology. AxiLona EL-100 functions as a nucleic acid detection platform that operates together with compatible test kits and supporting software. The test kits capture and hybridize specific target nucleic acids, the analyzer controls the fluidic and electrical processes to collect and digitize detection signals, and the software manages instrument operation, data processing, and result interpretation. The analytical performance of AxiLona EL-100 reflects the integrated operation of these three components, each contributing distinct but complementary functions to achieve accurate and reliable detection. The trial evaluated the consistency of the detection results of test system and control system to demonstrate nucleic acid detection capability and efficacy, including positive agreement rate, negative agreement rate, overall agreement rate, and Kappa value. Additionally, during the use of the instrument, the trial assessed the AxiLona EL-100's functionality, stability, user-friendliness, and safety.

The trial enrolled patients with suspected respiratory infections, exhibiting symptoms such as cough, nasal congestion, sore throat, fever, headache, and muscle aches, and used throat swab samples for testing. Eligible participants were of any age or sex, provided throat swab samples, and were able to understand the study procedures and voluntarily participate by signing informed consent. The participants had an average age of 33.9 years, with ages

ranging from 0 year (infants under six months were recorded as 0 year) to 102 years. Of these participants, 131 were male (53.7%) and 113 were female (46.3%), with no special population groups included. Participants were excluded if adequate samples could not be collected, if the sample quantity was insufficient or deemed unsuitable due to improper collection or storage, or if clinical or demographic information such as sex, age, or diagnostic data was incomplete. One sample was excluded during the clinical trial because the control test tube was deformed during the amplification process, rendering the sample untestable. This exclusion met the pre-defined criteria in the clinical protocol for removing samples that could not be tested due to collection, extraction, storage, or operational errors.

*Trial status*

We completed its clinical trial in March 2025, and have received the Class II medical device registration certificate for AxiLona EL-100 from Jiangsu MPA in April 2025.

*Trial results*

Based on our inclusion and exclusion criteria, 244 evaluable subjects were enrolled in this clinical trial. Though our AxiLona EL-100 and the control system operate under different technical principles, the consistency rate for the positive samples between the test system (AxiLona EL-100) and the control system was 100.00%, the consistency rate for the negative samples between the test system (AxiLona EL-100) and the control system was 100.00%, and the overall consistency rate was 100.00%. The Kappa value was 1.0000 (>0.75), indicating excellent detection consistency between the test system and the control system.

As to functionality, in this clinical trial, each positive and negative quality control sample yielded qualified results, with no instances of quality control failure. Also, during operation, the device correctly identified microarray chips, displayed working status, reported and stored detection results, and functioned normally, demonstrating high stability. In the stability evaluation, which examined operating status, occurrence of malfunctions, and the ability to sustain continuous work, the microarray analyzer maintained continuous operation without abnormal operations. As to convenience of use, in the user convenience evaluation form, which assessed 10 usability criteria including the user-friendliness of the interface and the simplicity of the detection workflow. In terms of convenience, evaluation forms from clinical trials indicate that the system features efficient installation and setup, straightforward power-on/off procedures, simple sample loading and testing workflows, an intuitive user interface, easy cleaning and disinfection, and accurate operational status indicators, achieving an average score of 98 out of 100 across multiple evaluations. Furthermore, we conducted safety evaluation to cover 12 items such as risks of electric leakage, short circuit, pinching, collision, cuts, burns, or liquid leakage. No safety-related events occurred such as electrical leakage or physical damage, no malfunctions during operation, consistent long-term performance, accurate chip recognition, real-time status display, and automated report storage.

We believe that the clinical trial results are complete and sufficient, and include all material data submitted to and considered by the Jiangsu MPA as part of the registration review process. As of the Latest Practicable Date, there are no additional positive or negative results that have not been disclosed. The clinical results were determined to have met all relevant regulatory evaluation criteria, and were considered adequate to support the registration of AxiLona EL-100 as a Class II medical device.

Taken together, the design verification, pre-clinical validation, and clinical evaluation collectively demonstrate the safety, stability, and analytical performance of AxiLona EL-100. Nothing has come to the attention of the Joint Sponsors that would cause them to disagree with the Company's view on the clinical trial results as mentioned above.

***Further Development Plan***

Our further development plan and regulatory pathways for AxiLona EL-100 in nucleic acid detection in the targeted jurisdictions are as follows:

In China, we have completed clinical trials for nucleic acid detection and received Class II medical device approval from the Jiangsu MPA in April 2025, which authorizes AxiLona EL-100 for qualitative analysis of signals generated by nucleic acid microarray chips, supporting nucleic acid-based medical testing applications. Following approval, we commenced commercialization activities, signed distribution agreements with multiple distributors, and initiated customer engagement programs.

We plan to expand the clinical applications of AxiLona EL-100 by adding protein detection functionality to enable both nucleic acid detection and protein detection and address the huge market potential of protein testing. To achieve this, we plan to upgrade the existing device by further developing surface modification and different capture probes, thereby delivering rapid, high-sensitivity protein detection with minimal user input. From a technical and design perspective, AxiLona EL-100 requires no hardware modifications to enable protein detection — only algorithm and software adaptations. Algorithm adaptation involves adjusting digital filtering parameters, signal threshold types, and detection settings, with the software being able to display results based on these adjustments. The matching cartridge similarly requires no hardware modifications and needs only to be paired with protein detection kits. The primary difference between protein and nucleic acid detection reagents lies in capture probe composition: nucleic acid detection utilizes modified oligonucleotides, while protein detection employs specific antibodies. Regarding workflow, protein detection does not require the amplification step. Following pre-processing (such as centrifugation or dilution), samples are directly introduced into the detection cartridge for incubation with the capture probe and subsequent signal detection. The system then processes the detected signal to generate a diagnostic report. We completed the design for the AxiLona EL-100 protein detection system in March 2026, and plan to initiate the design verification and other preclinical studies. Subsequently, specific test kit development will be selected based on market conditions and device performance. Several potential directions are under consideration: (i) detecting protein biomarkers for early screening and diagnosis of Alzheimer's disease, (ii) identifying allergens, and (iii) analyzing immune factors to aid in diagnosing sepsis, certain infections, and autoimmune disorders.

According to the consultations conducted by our legal advisors as to PRC laws with the regulatory authority Jiangsu MPA in April 2025, the addition of new protein detection functionality constitutes a registration variation matter rather than development of a new product, which will be covered under the same medical device registration certificate. This feature will be applicable in various clinical fields, including the detection of specific protein biomarkers related to Alzheimer's disease, aiding in its diagnosis. According to the Medical Device Product Classification Determination Notice issued by the NMPA, our AxiLona EL-100, which features nucleic acid detection capabilities, has been classified as a Class II medical device. We have already obtained the corresponding Class II medical device registration certificate. We anticipate that AxiLona EL-100 will remain classified as Class II, based on its intended use, references to existing market products, and consultations conducted by our PRC Legal Advisors with Jiangsu MPA in April 2025.

In the United States, we completed the type testing of our AxiLona EL-100 in nucleic acid detection in March 2026 and plan to initiate clinical trial in the third quarter of 2026. We also finished the design of the upgraded version of AxiLona EL-100 that covers both nucleic acid detection and protein detection in March 2026, and plan to initiate clinical trial in the fourth quarter of 2026. We will pursue the FDA registration process under the 510(k) pathway, which applies when there exists a predicate medical device legally marketed in the United States to which the device under review is substantially equivalent. A determination of substantial equivalence under the 510(k) framework does not address the novelty of the device and does not preclude the device from incorporating innovative features. If the FDA determines that a device is substantially equivalent to a predicate device in the market, it will

grant 510(k) clearance, thereby permitting the manufacturer to commercially market the device. In the absence of such substantial equivalence to a predicate device, the FDA may direct the applicant to pursue the *De Novo* classification pathway. Specifically, according to FDA guidance, a *De Novo* request may be submitted following receipt of a "not substantially equivalent" determination by the FDA during the 510(k) process, which would result in *De Novo* review and require submission of materials beyond those typically required for 510(k) clearance. While device manufacturers may elect to submit a *De Novo* classification request directly without first filing a 510(k) premarket notification and receiving a not-substantially-equivalent determination, we have not pursued this more burdensome pathway as we have preliminarily identified a potential predicate device that could establish substantial equivalence. We, in collaboration with our CRO, have been preparing the requisite documentation and have demonstrated the feasibility of the 510(k) pathway, resulting in a well-substantiated regulatory strategy. Given the characteristics of AxiLona EL-100 and its planned regulatory pathway, we anticipate that the FDA is less likely to reclassify it as Class III or impose more stringent regulatory requirements. However, potential changes in applicable laws and regulations or unanticipated actions by regulatory authorities could result in reclassification of our product or the imposition of more rigorous approval procedures. We have identified and held discussions with several CROs regarding potential registration plans, and expect to proceed with formal engagement in the near term. Following this, together with the CRO, we plan to communicate with the FDA on review matters, conduct the requisite clinical trials, prepare comprehensive registration materials, and ultimately submit the 510(k) application. We are working with a CRO on the initial preparation of materials related to 510(k) requirements and have preliminarily identified a potential predicate device that could establish substantial equivalence, which has also undergone a clinical trial.

According to FDA guidance, modifications to a medical device that expand its clinical applications or technological characteristics generally require a new 510(k) submission to obtain clearance for the updated device. Under the FDA regulatory framework, the requirement to submit a separate 510(k) for the proposed expansion of AxiLona EL-100 to include protein detection functionality does not result in multiple devices or separate product authorizations. Rather, it represents the FDA-prescribed procedural mechanism for reviewing and clearing additional intended uses of the same medical device prior to commercial distribution. Specifically, a subsequent 510(k) submission is required as a matter of regulatory procedure to support an expansion of a device's intended use, consistent with the requirements of 21 CFR 807.81(a)(3), which mandates the submission of a new 510(k) when a change to a legally marketed device constitutes a major change or modification in intended use or could significantly affect the device's safety or effectiveness. Thus, in the case of AxiLona EL-100, the proposed expansion to include protein detection functionality in addition to nucleic acid detection would not result in multiple devices or separate product authorizations. Under such a submission, the product name and model of AxiLona EL-100 are expected to remain unchanged, and the manufacturing-related approvals previously obtained from the FDA would not need to be repeated. Additional performance and validation data would be required to support the protein detection functionality, while the nucleic acid detection functionality would continue to rely on previously submitted and cleared data without the need for additional clinical trials. Upon clearance of the new 510(k) submission, the expanded clinical applications of AxiLona EL-100 which cover both nucleic acid and protein detection functionalities, would be reflected in the FDA-cleared labeling for the same device platform. Given that we are currently in the preparation phase and have not yet formally submitted the 510(k) application, no formal communication channel with the FDA regarding this regulatory pathway is available at this stage and thus no official communication has taken place to the date of this submission. Following the 510(k) submission, the Company will engage in appropriate communications with the FDA as required or as necessary.

In the European Union where we have obtained the CE marking for our AxiLona EL-100, we will strategically prioritize Central Europe, leveraging its robust ecosystem of early adapters, research funding, and pharmaceutical giants, where we could differentiate through our platform's versatility, rapid test development capabilities, and reduced R&D costs. We have secured the relevant certification for AxiLona EL-100 under the *In Vitro*

Diagnostic Regulation (IVDR), which is classified as a Class A *in vitro* diagnostic medical device. We do not plan to pursue clinical registration for dual nucleic acid and protein detection functionalities in the European Union in the near term. Consequently, we do not anticipate any reclassification in the European Union, as long as no significant changes occur in the regulatory framework. We will also actively explore the market potential in Eastern Europe by addressing price-sensitive segments with competitively priced, easy-to-operate solutions tailored to local needs. We will first assemble a specialized sales team supported by application scientists, while establishing distribution networks across major areas of the European Union. We will then pursue strategic application development partnerships with leading R&D institutions in main countries while engaging key opinion leaders across various sectors. We plan to launch our products in Europe in renowned academic conferences in 2026, complemented by targeted roadshows to healthcare facilities and pharmaceutical companies.

Our Board of Directors is of the view that the likelihood of the Company's products being reclassified in China, the United States, and Europe is unlikely. Based on the above, nothing has come to the attention of the Joint Sponsors that would cause them to disagree with the Board of Directors' view above.

For further details on the addressable market and competitive landscape in China's market, please see "Industry Overview — Non-Sequencing Molecular Testing Market — Non-sequencing molecular testing market size." For further details on the regulatory framework in China, please see "Regulatory Overview — Relevant Laws and Regulations in the PRC — Regulation of Medical Devices."

***Commercialization Plan***

To support market acceptance and user adoption of the AxiLona EL-100, we have adopted a multi-pronged commercialization strategy, including: (i) expanding our national distributor network to cover hospitals, research institutions and government laboratories; (ii) co-marketing with distributors through academic seminars, product demonstrations and trial programs; and (iii) partnering with key opinion leaders to promote clinical recognition. We have established collaborations with several prominent domestic research institutions and public health organizations, including Shenzhen CDC and Kunming University of Science and Technology. We have also co-designed the target and probe list for certain assay kits with Brown University, while exploring additional collaboration opportunities in the U.S. In addition, the AxiLona EL-100 has been evaluated and applied in collaboration with multiple hospitals and clinical institutions in China. These collaborations typically involve trial use of AxiLona EL-100, validation of its performance on existing sample sets, and exploration of customized or co-developed test kits, which may proceed under either the LDT framework in hospitals or as RUO projects in research institutions.

Our sales model is structured around both direct and distributor-led channels. For hospitals and research institutions, we use a direct sales approach supported by an internal sales team. For broader coverage, we rely on experienced distributors selected based on regional capabilities and compliance readiness. Following the approval of AxiLona EL-100 as a Class II medical device in April 2025, we commenced sales and marketing activities in China. As of the Latest Practicable Date, we had sold 17 units of AxiLona EL-100 to distributors and end-users.

Our commercialization strategy is based on a dual-revenue model involving (i) initial device sales and (ii) recurring sales of test kits. Each AxiLona EL-100 device serves as a base for the recurring use of compatible test kits, which are either developed in-house or in collaboration with third parties. Clinical end-users typically procure our test kits along with the instrument, while KOL customers may also develop their own. This integration between hardware and consumables strengthens customer stickiness and supports a scalable and sustainable revenue model. While AxiLona EL-100 requires test kits and specialized software to generate test reports, the software is self-developed and registered under software copyright. It serves as the control interface for AxiLona EL-100, enabling device operation, signal acquisition, data analysis, user management, and maintenance. The software is bundled with the device and does not require separate licensing, ensuring seamless deployment and user experience.

Despite the technical advantages of AxiLona EL-100, the hospital procurement and validation process is complex and involves multiple steps. This multi-step process typically involves: internal budget approvals; equipment trial and performance validation; tendering and procurement procedures; compatibility assessment with test kits; and regulatory and institutional qualification reviews. In addition, as AxiLona EL-100 represents a novel technology, certain end-users may require market education and demonstration to overcome inertia from existing procurement practices and brand preferences.

We are currently developing a pipeline of clinical test kits for AxiLona EL-100, including panels for respiratory infections and meningitis, which are in the type testing and design verification stages and expected to be launched by 2029. In parallel, we are collaborating with third parties to develop RUO test kits targeting additional applications such as pathogen surveillance, SNP genotyping, gut microbiome analysis and genetic disorders. Although our proprietary clinical test kits are not expected to be commercialized until 2028-2029, we intend to support installed AxiLona EL-100 devices through collaborations with third-party developers. While there are no fully off-the-shelf third-party kits compatible with AxiLona EL-100 due to its electrochemical detection mechanism, conventional PCR cartridges can be adapted with technical support. We have established a primer and probe design platform and a synthetic biology platform to assist third-party developers in customizing reagents for AxiLona EL-100. RUO test kits are also expected to contribute to AxiLona EL-100 sales, particularly in research institutions and hospitals with LDT qualifications. These kits enable AxiLona EL-100 to be used in basic research, translational studies, and exploratory clinical collaborations, thereby cultivating a user base and expanding application scenarios.

The average break-even period for comparable diagnostic instruments in the industry is typically 8 to 10 years, based on research on leading domestic listed companies such as Airdoc Technology Inc., Sansure Biotech Inc., and Assure Tech (Hangzhou) Co., Ltd. This extended timeline reflects substantial upfront R&D investment, lengthy regulatory approval processes, and the time required to build recurring reagent revenue streams.

***Material Communications with Competent Authorities***

In February 2024, we applied to the NMPA Medical Device Standard Management Center for classification of AxiLona EL-100 and received a notice confirming its classification as a Class II medical device in April 2024.

In May 2024, we submitted an application for the Special Registration Procedures for Innovative Class II Medical Devices (commonly known as Green Path) for AxiLona EL-100 to the Jiangsu MPA and was admitted into Green Path in June 2024.

In April 2025, we received the Class II medical device registration certificate for AxiLona EL-100 from Jiangsu MPA. This registration approves microarray analyzer for the qualitative analysis of signals generated by nucleic acid microarray chips in support of nucleic acid-based medical testing applications, and is not intended for absolute quantification of nucleic acid samples. According to our consultations conducted by our PRC Legal advisor with Jiangsu MPA in April 2025, our planned protein detection expansion will be regarded as an upgraded version of AxiLona EL-100 and will be regulated under the same certificate with AxiLona EL-100.

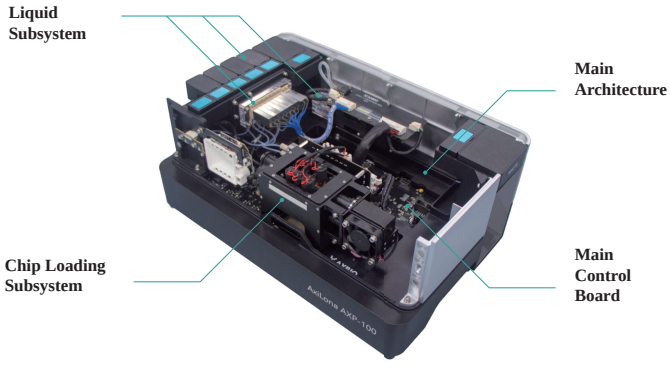
**WE MAY NOT BE ABLE TO ULTIMATELY UPGRADE AND MARKET AXILONA EL-100 SUCCESSFULLY.**

**AxiLona AXP-100**

AxiLona AXP-100 EL-NGS gene sequencer is the world's first EL-NGS product, according to CIC. It achieves an optimal balance across four critical metrics: accuracy, read length, cost, and speed. We launched the product prototype of AxiLona AXP-100 in 2021, launched it for research use in 2023 and realized end-user installation in 2024. In scientific research, the AxiLona AXP-100 can be used for studies on structural variations, analysis of tandem repeat regions, as well as research into single-gene diseases. We also plan to actively pursue the clinical application of AxiLona AXP-100. The clinical applications of the AxiLona AXP-100 include cancer diagnosis, infectious disease and infection diagnosis, as well as reproductive defect diagnosis. We completed the type testing for AxiLona AXP-100 in December 2025 in China and plan to initiate a clinical trial for AxiLona AXP-100 in the third quarter of 2026, after which we will pursue regulatory registration based on the trial outcomes. We plan to develop universal test kits for AxiLona AXP-100, and test kits with specialized application across domains of genetic disorders, microbiology, and oncology.



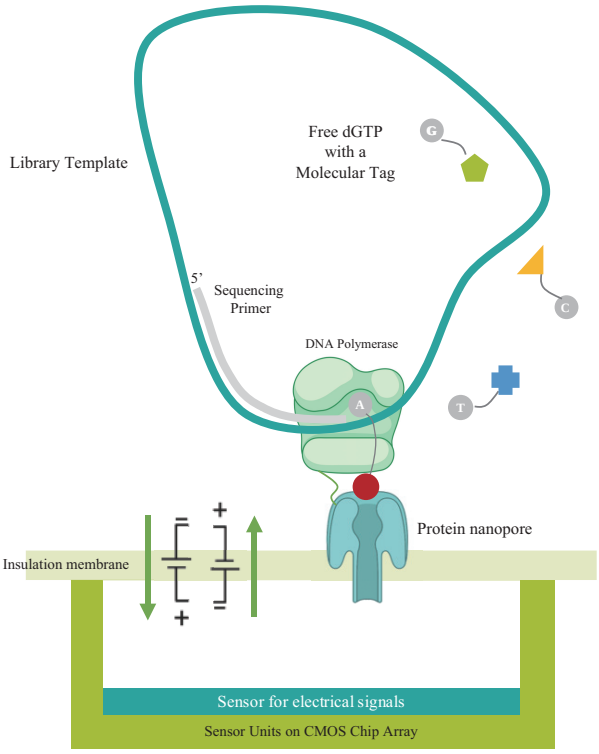

*Appearance of AxiLona AXP-100*




*Key Components of AxiLona AXP-100*

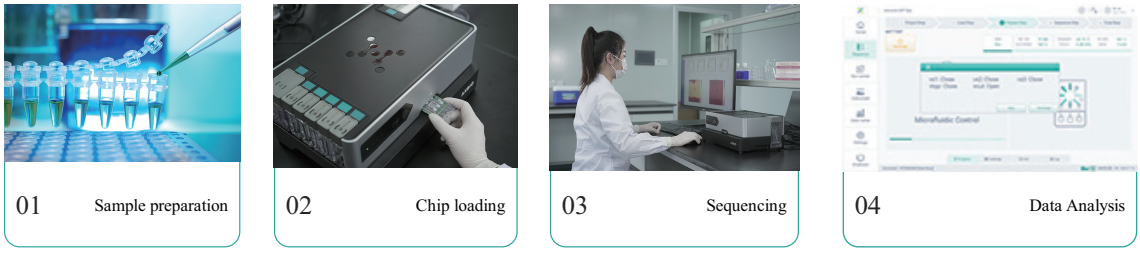
***Product Description and Operation Procedure***

In the AxiLona AXP-100, individual nucleic acid molecules, which are labeled with molecular tags, are attached to polymerases captured by nanopores. During the primer extension process, nucleotides with corresponding tagged molecules pass through the nanopores sequentially, generating distinct electrical signals. These signals are used by the device to characterize the base sequence of the nucleic acid, enabling high-accuracy sequencing. The diagram below illustrates the technical principle of EL-NGS, where synthesis and sequencing occur simultaneously, in the AxiLona AXP-100.




*EL-NGS of AxiLona AXP-100*

The diagram below demonstrates the workflow of AxiLona AXP-100.




*Workflow of AxiLona AXP-100*

***Product Features and Technical Advantages***

Our EL-NGS gene sequencer AxiLona AXP-100 offers several key advantages that make it a highly efficient and reliable tool for gene sequencing and molecular diagnostics:

- ***Longer read lengths.*** By introducing the novel EL-NGS using proprietary polymerases and molecular tags, AxiLona AXP-100 enables simultaneous synthesis and sequencing. This technology allows for single-molecule cyclic sequencing with repetitive consensus analysis, ensuring long reads, high precision, and real-time sequencing and data output.

- ***High accuracy.*** AxiLona AXP-100 integrates AI algorithms for base calling and cyclic consensus sequence correction, enhancing the efficiency and accuracy of sequencing. With an accuracy rate greater than 99%, the AxiLona AXP-100 ensures highly reliable and precise results.

- ***Fast sequencing.*** The AxiLona AXP-100 is capable of generating data at a high rate, producing up to one million reads instantly. This enables real-time sequencing with a turnaround time of less than 4 hours, significantly reducing the time required to obtain results compared to other sequencing methods.

- ***Compact and portable.*** Despite its distinct capabilities, the AxiLona AXP-100 is designed to be small and lightweight. With a volume of just 0.013$m^3$ and a weight of around 6.85kg, it is highly portable, making it suitable for use in various settings.

- ***Flexible and on-demand operation.*** One of the advantages of the AxiLona AXP-100 is its flexibility in sample processing. Samples can be tested as they arrive, without the need to batch samples together. This on-demand testing capability ensures quick and efficient sample analysis without delays.

- ***Cost-effective.*** The cost per Gigabases of data generated by the AxiLona AXP-100 is significantly lower than that of traditional NGS technologies. This makes it a more affordable option for high-throughput sequencing, providing great value for both clinical and research applications.

We understand AxiLona EL-100, our Core Product, and AxiLona AXP-100 will not be regulated as a single product. These medical devices exhibit significant distinctions in their biochemical technologies, functionalities, and applications, following different development pathways. They are fundamentally two distinct medical devices rather than functional extensions of the same medical device. Specifically, the two devices employ different biochemical methodologies. AxiLona EL-100 utilizes hybridization technology to detect nucleic acid, where single-stranded nucleic acid probes hybridize with target nucleic acids in the sample through complementary base pairing to form stable double-stranded structures, which are then detected via electrochemical signals. In contrast, AxiLona AXP-100 employs sequencing technology to determine analyze structure, function, and mutations. It bounds individual nucleic acid molecules labeled with molecular tags to polymerase captured within nanopores. Nucleotides with corresponding molecular tags then sequentially pass through the nanopore, generating unique electrical signals for high-precision sequencing.

***Market Opportunity and Competition***

The high-throughput gene sequencing segment has experienced robust growth in recent years and is projected to accelerate further, positioning itself as one of the most dynamic drivers within the broader gene sequencing landscape. The global high-throughput gene sequencing market is expected to reach US$21.9 billion in 2033, with a CAGR of 13.2% from 2024 to 2033. China's high-throughput gene sequencing market is expected to reach US$5.3 billion in 2033, with a CAGR of 17.4% from 2024 to 2033.

The global high-throughput gene sequencing instrument and consumables market is highly concentrated and dominated by a few multinational biotechnology companies. In 2024, the top five players accounted for an aggregate market share of 94.9%, with Illumina alone capturing a significant share of 71.8%, in terms of their respective revenue in the same year. The competitive landscape of China's high-throughput gene sequencing instrument and consumables market shares the same pattern as the global market, with similar dominant players and level of market concentration. In 2024, the top five players collectively secured 95.8% of the market share by revenue in the same year. While Illumina leads both globally and in China, the market share distribution in China is more balanced than that globally due to MGI's significant presence as a prominent local player. As of December 31, 2025, 38 high-throughput gene sequencing instruments by 23 players had been approved by the NMPA or its local counterparts.

According to CIC, the global EL-NGS testing market is estimated to reach US$0.5 billion in 2033, representing a CAGR of 91.8% between 2024 and 2033. China's EL-NGS testing market is estimated to reach US$243.9 million in 2033, representing a CAGR of 77.0% between 2024 and 2033. The U.S. and EU EL-NGS testing markets are estimated to increase from nil in 2024 to US$130.1 million and US$95.8 million in 2033, respectively. As of December 31, 2025, no EL-NGS instrument had received regulatory approval, and all were marketed for RUO.

See "Industry Overview — Overview of Gene Sequencing Market" for further information.

While establishing our domestic market presence in China, we plan to pursue international expansion by targeting key overseas markets such as the United States. With respect to the competitive landscape, the molecular testing markets in these targeted jurisdictions are dominated by a number of well-established players, each holding significant market share. There can be no assurance that we will be able to successfully compete with these market leaders or avoid being outperformed by them, given their dominant market positions and longstanding presence in the industry. For further details, please refer to "Risk Factors — We may not be able to develop new or improved products that are competitive in the market due to the intense market competition and the current dominance of certain key players, in a timely manner or at all."

***Further Development and Commercialization Plan***

We plan to actively pursue the clinical application of AxiLona AXP-100. We completed the type testing for the AxiLona AXP-100 in China in December 2025. We are currently working with clinical trial institution to develop and prepare the clinical trial protocol, and plan to commence clinical trials in the third quarter of 2026. We also completed the design verification of our AxiLona AXP-100 in the United States in June 2025, and plan to initiate the clinical trial in the fourth quarter of 2026.

We plan to continuously iterate and upgrade the AxiLona AXP-100 to enhance its capabilities and performance. Specifically, we plan to continuously optimize biochemical performance, enhance sequencing accuracy, establish multi-chip parallel processing capabilities, improve throughput, shorten detection process time, and reduce device size.

In addition, we plan to develop AxiLona AXP-1000, which would feature a higher throughput sequencing chip with ten million nanopore channels, offering nearly ten times the throughput of the AxiLona AXP-100. AxiLona AXP-1000 is currently in the design phase and we expect to complete the design of AxiLona AXP-1000 in the third quarter of 2026. AxiLona AXP-100 and AxiLona AXP-1000 will differ in terms of instrument appearance, structural design, microfluidic systems, core technical performance parameters and analytical software. AxiLona AXP-1000 will adopt a new instrument appearance and structural design, with a chip loading mechanism different from that of AxiLona AXP-100. It will incorporate high-speed, high-throughput data processing modules, and its software system will integrate the full workflow from sample preparation to data analysis and report generation. Compared to AxiLona AXP-100, AxiLona AXP-1000 is expected to achieve substantial improvements in sequencing read length, accuracy and overall throughput performance. AxiLona AXP-1000 will be registered and regulated separately due to the substantive differences between the two products.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AXILONA AXP-100 SUCCESSFULLY.**

## Test Kits

Our test kits comprise biochips, reagents and other essential consumables. We are currently developing test kits for both of our molecular diagnostic products and EL-NGS platform. For example, we have been actively advancing development of specialized test kits for genetic detection and pathogenic microorganism detection. Our genetic detection test kits are at the type testing stage, and our pathogenic microorganism detection test kits targeting bacteria, viruses, and fungi are currently undergoing design verification.

Test kits are designed to be used in conjunction with AxiLona EL-100 and AxiLona AXP-100 for both clinical applications and RUO purposes. The table below outlines the applications of the AxiLona EL-100 and AxiLona AXP-100 when paired with test kits in both clinical and research areas, and indicates whether corresponding test kits were developed in-house or by third parties.

| | Clinical Applications[1] | Research Areas[1] | Identity of Collaboration Partner/Developer | Associated Medical Device | Actual/Expected Launch Time | Pricing (Ex-factory Price) |
|---|---|---|---|---|---|---|
| **Test kits developed and/or being developed solely by us** | X-linked monogenic disorders | / | Our Group | AxiLona AXP-100 | Q2 2029 | To be determined[3] |
| | Multiplex respiratory pathogens (five targets)[2] | / | | AxiLona EL-100 | Q2 2029 | To be determined[3] |
| | Multiplex meningitis pathogens (seven targets) | / | | AxiLona EL-100 | Q4 2028 | To be determined[3] |
| | | Multiplex respiratory detection panels (3-plex) | | AxiLona EL-100 | Q2 2029 | RMB40-80 |
| **Test kits developed and/or being developed in collaboration with third party** | / | Multiplex respiratory detection panels (16-plex) | A provincial center for disease control and prevention | AxiLona EL-100 | Q2 2026 | RMB300-400 |
| | | Single nucleotide polymorphism (SNP) detection for high-altitude adaptation | A university specializing in engineering and life sciences in China | AxiLona EL-100 | Q4 2026 | RMB300-500 |
| | | SNP detection for genetic disorders | A key clinical research institution under a major university hospital in China | AxiLona EL-100 | H1 2027 | RMB300-500 |
| | | Detection of gastrointestinal pathogenic microorganisms | A leading research university in the United States | AxiLona EL-100 | Q3 2026 | RMB300-500 |
| **Test kits developed and/or being developed by third party** | Detection of gene mutations | / | A biotechnology company located in Qingdao, China | AxiLona EL-100 | H2 2027 | To be determined[3] |

*Notes:*

(1) Test kits for clinical applications differ from research-use-only (RUO) test kits in that the former are designed to assist in disease diagnosis and may be used by licensed medical institutions, whereas RUO test kits are intended solely for scientific research and experimental purposes, and their results cannot be used to guide clinical diagnosis or treatment decisions.

(2) The detection of multiplex respiratory pathogens (five targets) includes the detection of RSV.

(3) Pricing of the test kits for clinical applications will be determined at the time of commercial launch, taking into account the competitive landscape, prevailing market price ranges, applicable reimbursement environment, procurement practices and other relevant market conditions.

Minor modifications and adjustments are required to adapt third-party test kits for use on our AxiLona EL-100 platform. These modifications include: (i) primer and probe adjustment, and (ii) electrochemical flap tag adjustment. Primer and probe adjustment encompasses customized probe design and primer synthesis. For example, within the AxiLona EL-100's nucleic acid detection capabilities, probes are used to detect and identify targets by carrying a labeled nucleic acid segment that hybridizes to the target sequence. Primers are oligonucleotides that initiate synthesis of new nucleic acid strands to enable sequence amplification. Electrochemical flap tag adjustment involves the use of an oligonucleotide bearing an electroactive label. Through a specific reaction, this releases a detectable tag fragment that modulates electron-transfer efficiency and generates a measurable current change, thereby enabling electrochemical nucleic acid detection on the AxiLona EL-100.

Though third-party developed test kits may be adapted for use in conjunction with our instruments with minor modifications and adjustments, our self-developed test kits offer distinct advantages. By leveraging our understanding of our instruments' technical features, we are able to pursue the development of test kits in a more rapid and cost-efficient manner. This positions us to address certain limitations of existing technologies, including in areas such as respiratory multiplex testing and meningitis detection.

***Further Development and Commercialization Plan***

Our test kit for X-linked monogenic disorder is at the beginning of type testing stage, and we plan to initiate a clinical trial for it in the fourth quarter of 2026. Our test kit for pathogenic microorganism is at the design verification stage. We anticipate completing the design verification for test kit for pathogenic microorganism in the second quarter of 2026, and initiating a clinical trial in the fourth quarter of 2026. We have also entered into collaboration arrangements with third-party biotechnology companies for the joint development of test kits to be used in research areas, including multiplex respiratory detection panels (16-plex), SNP detection for high-altitude adaptation, SNP detection for genetic disorders and detection of gastrointestinal pathogenic microorganisms. Under the collaboration agreements, the development outcomes of the collaborative projects typically refer to the intellectual property generated from the joint development and the economic interests arising from the future commercialization of the relevant test kits. Such development outcomes are generally owned or shared by the partner company in accordance with the relevant agreements. Any patents arising from the joint development are co-owned by the partner company and us, while revenues derived from the future sales of the collaboratively developed test kits are shared between the parties based on the agreed allocation arrangements. The development cycle of a test kit varies depending on its intended application. For RUO test kits, the average development period is approximately six months. The development cycle of test kits for clinical applications is expected to last approximately 21 months, comprising around nine months for pre-clinical research and 12 months for clinical research. The collaboration projects are currently under development in accordance with the agreed milestones and technical plans.

AxiLona EL-100 is strategically positioned for long-term commercialization in clinical institutions. In parallel, during the initial stage of market introduction, we also intend to support RUO applications, which are commonly adopted by hospitals and medical

institutions for research projects, method development and platform evaluation. Such RUO applications enable early adoption of the platform, facilitate the expansion of application scenarios and support the development of a broader testing ecosystem, while we continue to advance the development and registration of proprietary clinical-use test kits. We believe this commercialization approach is consistent with industry practice and supports the sustainable clinical adoption of AxiLona EL-100 over time.

We plan to adopt a dual-channel approach for our test kits. First, we plan to conduct direct sales to tertiary grade A hospitals, KOL customers such as research institutions, clinical laboratories and government laboratories, as well as corporate clients. Second, we will sell through distributor channels to reach other medical institutions, research institutions and government laboratories. The potential end users of our test kits include hospitals, other medical institutions, research institutions, government laboratories, and biotechnology companies. In terms of marketing strategy, we will promote our products primarily through academic and professional engagement activities, including in-person seminars, product roadshows, and trial evaluations. We have participated in key academic conferences such as the 22nd Annual Conference on Medical Genetics of the Chinese Medical Association held in Qingdao in November 2025 and the Biophysical Society Annual Meeting held in the United States in February 2026, and intend to attend the Pathogen Detection and Infectious Disease Surveillance Academic Exchange Conference and the Frontiers in Genomics, Proteomics and Bioinformatics (GPB) Symposium in 2026 to strengthen market presence and academic recognition. With respect to pricing, we plan to adopt a cost-plus and market benchmarking pricing strategy.

At this stage, our regulatory registration plan for clinical-use test kits is focused in China. Research-use-only (RUO) test kits, once developed, may be used in China, the United States, and the European Union for scientific research purposes. We are currently prioritizing obtaining regulatory approvals for our test kits in China as successful commercialization of our instruments will partially depend on the availability of compatible test kits. In the United States, given the more established LDT framework, we plan to introduce our AxiLona EL-100 and AxiLona AXP-100 through collaborations with downstream application developers and clinical institutions under the LDT pathway, which allows market introduction of our instruments without the immediate need for FDA registration of the associated test kits. LDTs are diagnostic tests that are designed, developed, validated and used within individual laboratories that are certified under the Clinical Laboratory Improvement Amendments ("**CLIA**"), and are generally regulated through the CLIA oversight system rather than pre-market approval by the FDA. Under this framework, laboratories may develop and use their own test kits on compatible instruments as part of the laboratory's diagnostic services, subject to internal validation, quality control and ongoing performance monitoring. Accordingly, we intend to collaborate with downstream application developers and clinical institutions, including CLIA-certified laboratories, hospitals and research institutions, to support the development and use of LDT test kits on our instruments. These collaborations may involve technical support, test kit adaptation and platform validation within the laboratories' own LDT programs. As a result, test kits used in LDTs are not required to obtain immediate FDA registration prior to use within such laboratories. This approach allows us to introduce our instruments (AxiLona EL-100 and AxiLona AXP-100) into the U.S. market without the immediate need to obtain FDA registration for the associated test kits, while enabling laboratories to deploy the instruments for LDT applications in accordance with applicable regulatory requirements.

**Services and Other Products**

***Synthetic Biology and Chemical Engineering Services***

We provide synthetic biology and chemical engineering services, which are part of our biotechnology services primarily aimed at biotech companies. One of our key offerings is custom synthesis of chemical products, which involves tailored small molecule synthesis, optimization, and enhancement of biological activity for biomedical research and industrial applications. This service has been fully developed, and we have already delivered two batches of products to clients in 2024.

Another service we offer is high-throughput protein mutagenesis services, which includes gene synthesis, mutant library construction, protein expression and purification, high-throughput screening of mutants, and sequence validation. This service has also been fully developed and is available for external use to facilitate specific needs.

***Multi-omics Detection Solutions***

Leveraging our EL-NGS platform technology, we are developing service solutions for multi-omics protein detection. These potential offerings include our ELP solution for multiplex protein marker detection built on the EL-100 platform and our AXPP solution for protein sequencing based on our EL-NGS platform. The development of these solutions is part of our long-term strategy to extend our core platform capabilities. Together, these interconnected platforms establish a unified framework for comprehensive multi-omics detection solutions.

***Non-invasive Saliva Glucose Monitor***

Building upon our proprietary electrochemical detection capabilities, we have developed a consumer-focused non-invasive saliva glucose monitor designed for home-use POCT. This saliva-based blood glucose monitoring solution enables users to obtain clinical-grade glucose readings through simple oral fluid collection, eliminating traditional blood sampling requirements. Notably, we have entered into a collaboration arrangement with an industry-leading research institute for further development, demonstrating market validation of both our technology and R&D competencies.

***AxiLona Library Preparation Robotic System***

The AxiLona Library Preparation Robotic System represents our next-generation robotic platform for genomic workflow automation. It features precise liquid handling with automation capable of pipetting as low as 1μL, achieving a precision coefficient of variation (CV) as low as 0.5%.

The robotic system is equipped with a pipetting arm with up to eight channels that offers full-range pipetting, ensuring accuracy, efficiency, and flexibility. It utilizes capacitive and pressure sensing technology to detect liquid levels, clots, air gaps, and pipette tips, enhancing reliability and preventing errors. The system also includes automatic needle installation and removal, providing real-time monitoring for improved needle removal efficiency and preventing contamination.

For high-efficiency library construction, the system integrates PCR, magnetic rack, temperature control, and anti-contamination modules. It automates the entire library preparation process, enabling the construction of eight samples per batch. This automation reduces labor requirements, which based on our internal testing, can reduce labor time by approximately 50% compared to manual methods. Laboratory validation has shown that the library yield and read length distribution produced by the AxiLona Library Preparation Robotic System are consistent with manual preparation, ensuring the same high-quality results.

We have established a collaboration with a specialized liquid handling module manufacturer who will supply the robotic components and corresponding consumables under the relevant contract terms to us. We will enjoy the ownership of the patents related to such robotic system developed through this partnership mode. In the future, we may forge additional partnerships with other industry players or suppliers to further enhance the automation and portability of sequencing workflows of our AxiLona Library Preparation Robotic System.

## RESEARCH AND DEVELOPMENT

Our ability to compete depends largely on our continuing commitment to research and development, and our capabilities to create new technologies, design new products, and enhance existing products. We have comprehensive R&D capabilities, with core technologies developed in-house, allowing us to cover subsequent product development process with low external dependency. In 2024 and 2025, we incurred research and development expenses of US$11.4 million and US$8.9 million, respectively. For details, please refer to "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses." Our comprehensive proprietary portfolio spans instruments, test kits and services. We are actively exerting substantial R&D efforts to unleash the clinical application potential of our pipeline products. Also, we have been engaging in and will continue to focus on R&D for our RUO products to expand our research-use customer base and increase customer stickiness. Further, we are continuously expanding our product and service offerings leveraging our foundational technology platforms.

### Our Technology Platform

We focus on developing life science technology platforms, with core expertise spanning four key areas: integrated circuit chips, synthetic biology and chemical engineering, electrochemistry and microfluidics, and artificial intelligence. These technologies are inherently integrated and functionally interdependent, together forming the technological foundation for our products. This structure systematically drives the performance, cost-effectiveness, and innovation of our solutions. The primary hurdles facing our technology platforms include their technically challenging nature and R&D-intensive requirements. The complexity of the technology demand substantial investment in both expertise and resources to continuously overcome development barriers.

These technologies are designed to work in concert to deliver a complete solution, from sample processing to data interpretation. Their functional relationship is as follows:

- ***Integrated Chip Technology***: Our integrated chip technology consists of arrays of electrochemical sensors operating in current-sensing mode for biomarker detection. Both the EL-100 and AXP-100 chips are based on the same core principle: sample → electrochemical detection → signal processing. They perform massively parallel transduction of chemical signals into measurable electrical signals on a single chip, enabling versatile operation and highly sensitive detection. In addition, both chips integrate microfluidic components that facilitate sample preparation and reagent-liquid interaction.

- ***Synthetic Biology and Chemical Engineering***: Engineers the essential biochemical reagents for the sensing platform. This involves creating specialized components, such as optimized polymerases and modified deoxynucleoside triphosphates (dNTPs). These custom-developed reagents are specifically designed to generate the precise chemical signals that are subsequently detected and translated by the chip.

- ***Electrochemistry and Microfluidics***: Provides the core physical interface for the on-chip biochemical reactions. It combines microfluidics for the precise manipulation and delivery of samples and reagents with electrochemistry to create a stable environment for signal generation and measurement. This integration ensures accuracy and reproducibility.

- ***Artificial Intelligence***: Functions as the core data processing and interpretation engine of the system. It employs machine learning models to de-noise, filter, and accurately classify the raw electrical data stream from the chip's sensor array. This sophisticated signal processing is essential for translating the raw data into an accurate and interpretable genetic information and improves R&D efficiency in related biochemical fields.

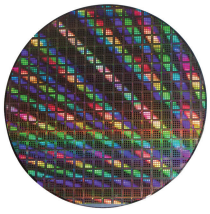
Our full-stack, in-house development model is built on the close integration of IC (Integrated Circuits), BT (Biotechnology), and AI (Artificial Intelligence). We design our products including AxiLona EL-100 with capabilities across our platforms each element: our Biotechnology generates a specific chemical reaction, our IC Chip is optimized to efficiently convert that reaction into a digital signal, and our AI accurately translates that signal into a final result. This tight integration allows us to systematically optimize the entire workflow, achieving a high degree of performance and data reliability. The development of our Core Product, AxiLona EL-100, exemplifies our full-stack in-house development capabilities. AxiLona EL-100 was designed entirely in-house, with exclusive ownership of intellectual property rights. It integrates our internally developed hardware, electrochemical system, and software. We have completed clinical trials for AxiLona EL-100 and obtained device registration approval.

***Integrated Circuit Chip Technology***

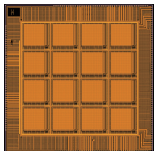
*Features and Competitive Strengths of Our Chip Technology*

The cornerstone of our products is our proprietary, integrated circuit (IC) grade biochip. According to CIC, we are among the few companies in the molecular testing industry with a semiconductor R&D team, who possess extensive experience in advanced semiconductor process design and manufacturing focused on integration with bio liquids. Specifically, the EL-100 chip is a distributed electrochemical sensor with analog detection. Meanwhile, the gene sequencer requires comprehensive detection with higher throughput data; therefore, the AXP-100 chip integrates electrochemical sensors with CMOS circuits on a silicon chip. Our independently developed semiconductor biochip, microfluidic Bio-CMOS chip, serves as the core component of our EL-NGS gene sequencers and other molecular diagnostic products. Our integrated chip technologies share a common technological architecture, creating strong synergies across research and development, manufacturing, and product expansion. It employs our proprietary design and signal processing and forms the foundation of our high-throughput, low-cost, and precise detection and molecular diagnostic products.

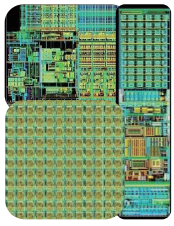
Below are pictures demonstrating our wafer, Bio-CMOS chips and integrated circuit.



Wafer



Bio-CMOS chip



Integrated Circuit

Gene sequencing and molecular diagnostics chip technology is moving from conventional chips that rely on external equipment to the highly integrated chips. Traditional chips primarily provide passive reaction wells, while critical signal detection depends on large optical systems. Our integrated circuit chip technology enables the chip itself to perform direct electrical signal reading, analog-to-digital conversion, and digital output.

Our self-developed microfluidic Bio-CMOS chip is the globally first 300mm, 65nm process Bio-CMOS chip with one million channels. The chip has successfully completed tape-out, full system validation, and scaled mass production. Key features and advantages of our proprietary Bio-CMOS chip include high throughput and reduced costs, high precision with low noise, and compatibility with standard semiconductor processes, making it highly scalable.

In addition, when benchmarked against market-leading sequencing chips, such as the ONT PromethION series (with average observed accuracy of 96.8% for R10.4.1 and 2,675 channels per flow cell), our proprietary semiconductor sequencing chip, designed with a 12-inch 65nm process and incorporating millions of parallel sequencing units, delivers enhanced sensitivity and accuracy of up to 99%. These differentiating features reflect our ability to provide more precise, reliable and cost-effective sequencing solutions compared to incumbent.

*Our Independent Research and Development*

We commenced the R&D of our proprietary Bio-CMOS chips in 2016 and have independently developed our core technologies and know-how. Our development process follows a structured, multi-stage iterative methodology, progressing from initial concept validation to a fully integrated, mass-producible commercial chip. This process, protected by our patents and know-how, creates significant entry barriers.

- ***In 2016: Initial Proof-of-Concept.*** We developed our first prototype, a passive test chip. This chip was designed to validate our fundamental concepts, including nanopore insertion and microfluidic control, and was fabricated at an academic research facility.

- ***In 2017: Scaled Validation Prototype.*** We developed a second-generation passive prototype that scaled our design to approximately one million sensor cells. Fabricated using a commercial 65nm foundry process, this chip was crucial for validating our core sensor cell architecture and microfluidic systems in a high-density format, confirming its suitability for mass production.

- ***In 2018: Completion of our proprietary Bio-CMOS sequencing chip process integration.*** We achieved a major technological breakthrough with the successful tape-out, testing, and system-level validation of our AX001 chip. This is our first fully integrated, commercial Bio-CMOS production chip, which integrates over one million active sensing cells with on-chip analog amplification and digital signal processing circuits on a single die. This milestone established our proven capability to design and mass-produce highly advanced, integrated biochips.

Our chip development, testing, and manufacturing processes incorporate a range of proprietary technologies that are critical to performance, stability, and scalability. Our design process follows a systematic, industry-standard methodology for both front-end (architectural and logical design) and back-end (physical layout and verification) development. We conduct comprehensive, multi-level testing from individual components to full system verification using biological samples. In the R&D and production of our chips, we collaborate with third parties, including wafer manufacturers and electronic design automation (EDA) tool providers. This collaboration leverages their mature manufacturing capabilities and standardized design tools, while we retain our core intellectual property, including the chip architecture, proprietary circuit designs, and know-how.

The process of developing and iterating semiconductor chips is highly complex, requiring a deep integration of expertise from multiple fields such as semiconductor engineering, biochemistry, microfluidics, and algorithms. While high-density chip integration may face inherent technical complexity in balancing precision fabrication and yield, our established semiconductor design expertise and proven track record of mass production provide strong safeguards for scalability and reliability, which create challenging entry barriers for our competitors. According to CIC, the Group's Bio-CMOS chip represents a significant technological advancement in the field of molecular diagnostics and gene sequencing. The key differentiating factors and competitive strengths are summarized as follows:

- *Comparison with Market Peers*. Compared to other advanced high-throughput sequencing chip in the market, the Group's Bio-CMOS chip achieves a

substantially higher degree of parallelism and data throughput potential. For instance, while a leading competitor's flagship system may integrate approximately 144,000 measurement channels, the Group's chip is designed to integrate up to 1,000,000 independent detection units on a single chip.

- *Applications and Customization*. The technology is primarily applied in advanced DNA sequencing. The underlying semiconductor platform allows for a high degree of customization in the design and layout of the sensor arrays to meet specific performance and application requirements.

- *High Entry Barriers*. The development of such integrated chips is highly complex and creates significant barriers to entry for competitors. These barriers are attributable to the need to seamlessly integrate deep, specialized expertise across multiple disciplines — including microelectronics, molecular biology, surface chemistry, and advanced signal processing — as well as the significant capital investment required for research, development, and fabrication.

Our proven microfluidic chip design and manufacturing capabilities distinguish us from our competitors, allowing us to maintain technological superiority and secure a competitive position in the market.

*Shared Technology Across Our Products*

Our core integrated chip technology and associated know-how form a versatile and scalable foundation that is leveraged across our different products, including our AxiLona EL-100 and AxiLona AXP-100. This shared technological architecture creates synergies in research and development, manufacturing, and product expansion. The key commonalities include:

- ***Instrument Architecture.*** Both products are based on a similar overall system design, which includes a standardized loading module for our chips and cartridges, a fluidic control system using pumps and valves, and an electrical interface that uses a socket to connect the chip to a main control board for signal processing.

- ***Core Detection Method.*** Both products utilize the same fundamental electrochemical detection method, which is a core element of our proprietary chip technology.

- ***Sample Preparation.*** The workflows for our test kits, particularly for sample preparation steps such as nucleic acid extraction and amplification, are also shared between the products.

This technological overlap is protected by our intellectual property portfolio. Among our granted and pending patents, one patent and six patent applications cover technologies and methods that are common to both our AxiLona EL-100 and AxiLona AXP-100.

***Synthetic Biology and Chemical Engineering Technology***

Our independently developed synthetic biology and chemical engineering platform is designed to achieve in-house research, development, and quality control over the critical reagents that underpin our products. This capability systematically supports our gene sequencing and molecular diagnostics products by enhancing performance while controlling quality and cost. The platform is equipped with comprehensive synthesis and analytical instruments, as well as a rapid high-throughput automated system supporting the full range of biological synthesis tasks, including small molecule building block synthesis, DNA synthesis, post-synthesis modifications, purification, and analytical testing. Although optimizing core reagents often involves trade-offs between speed, fidelity and stability, our algorithm-assisted enzyme engineering and high-throughput screening platforms enable us to efficiently achieve

balanced performance across multiple parameters, ensuring high-quality and reproducible results. Key capacities of our synthetic platform include:

- ***Modified dNTP synthesis.*** The chemical reagents used during the workflow of our devices are critical to the performance of our products. The design of our synthetic biomarkers directly correlates to the resolution and clarity of the output signal, while the purity achieved in our synthesis process is essential for the precision of the detection chemistry.

- ***Custom synthesis.*** Our platform provides customized synthesis of DNA, RNA, various standard and modified phosphoramidites, and oligonucleotides. The resulting products feature (i) high purity (≥98% for HPLC main peak area and mass spectrometry analysis), (ii) high synthesis capacity (up to 1 mmol per batch), and (iii) stable quality. This platform also provides customized capture and detection probes that are integral to our electrochemical detection technology. This enables us to develop test kits for various uses and modify third-party test kits to work with our system.

- ***Enzyme engineering.*** Polymerase is a core bioactive agent fundamentally dictates the performance of our molecular diagnostics products. For example, the detection of AxiLona EL-100 process employs PCR polymerase. For our sequencing system, naturally occurring enzymes often do not meet the stringent, multi-dimensional requirements of our products, such as high thermal stability, rapid reaction speed, high fidelity, salt tolerance and strong template-binding affinity. To address this, we have developed our proprietary enzyme engineering technologies, including (i) a microfluidics-based high-throughput protein screening and evolution system, capable of screening approximately $10^5$ to $10^6$ random mutants, and (ii) a protein rational design platform driven by AI algorithms, sequence analysis, and critical site analysis. By combining high-throughput screening with the rational design of key protein sites, we can efficiently discover and engineer polymerases with superior properties for production, enhancing the overall performance and market competitiveness of our sequencing products.



Synthesis Lab



Solid-Phase Synthesis Facility



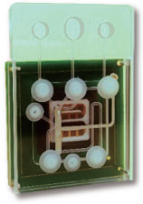
Analytical Lab

*Our Laboratories for Synthetic Biology Services*

According to publicly available information and third-party quality inspection reports, comparable products from other market players generally show polymerase purity levels of over 90% for Sigma-Aldrich (KOD DNA polymerase) and 95% for a Chinese company engaged in the development of molecular, protein, and cellular biology reagents (Tth DNA polymerase). In addition, while certain oligonucleotide products, such as ORF-1 from a Chinese company dedicated to the development of synthetic genomics and biosynthesis products, achieve a main peak area ratio above 95% under HPLC testing, other suppliers, such as a Chinese company focused on providing upstream raw materials, consumables, and services for life sciences, do not guarantee purity levels. Against this backdrop, our proprietary reagents are developed through a systematic platform that ensures high fidelity, stability and consistent quality, thereby delivering competitive advantages in sequencing applications.

*Electrochemical and Microfluidic Technologies*

The integration of electrochemical biosensor technology with a precision microfluidic system in our Bio-CMOS chip is foundational to the sophisticated sequencing cartridges used in our instruments. This design enables efficient, synchronous reactions that generate clearly identifiable electrical signals. Below is a picture showing the cartridge used in our instruments:



Cartridge

The combination of electrochemical and microfluidic technologies brings multiple advantages:

- ***Ultra-low cost.*** By not requiring expensive and complex optical components, electrochemical detection significantly reduces costs for both instruments and test kits compared to other methods. This makes it highly accessible for widespread applications.

- ***High throughput.*** The scalability of electrochemical detection allows for the development of high-density detection arrays, and our architecture is designed to support the continuous increase in the density of sensing electrodes.

- ***High accuracy.*** Electrochemical detection provides enhanced sensitivity by generating direct and rapid signals with minimal signal loss, which is further augmented by our use of innovative electrode materials. Our system achieves high specificity by enabling the simultaneous use of multiple nucleic acid fragments from the same target DNA or RNA molecule. This ensures reliable and precise measurements in all intended use of our devices under development, including nucleic detection and protein detection on AxiLona EL-100 and gene sequencing on AxiLona AXP-100.

- ***Portability.*** Unlike optical signal detection methods, electrochemical detection eliminates the need for bulky optical components, enabling the miniaturization and portability of gene sequencing devices. This facilitates the development of compact and portable products.

- ***Fast turnaround time.*** The direct readout of electrical signals allows for faster detection and higher efficiency, significantly reducing the time required for analysis compared to more complex detection methods.

By combining electrochemical biosensor technology with microfluidic precision, the integrated chip represents a technological advancement in cost-effective, high-throughput, accurate, portable and fast detection solutions, making it ideal for a wide range of applications, including molecular diagnostics and gene sequencing. We recognize that microfluidic circuits at micro- and nano-scale can be sensitive to channel clogging or evaporation. However, our proprietary design and validation processes have demonstrated robust fluidic stability, supporting consistent high-throughput applications.

*AI Capabilities*

Our AI capabilities support the development of biological components and the analysis of sequencing data. We use proprietary AI models trained on our R&D data to improve the design of enzymes and analysis of sequencing results.

*AI-Enhanced Biological Component Development*

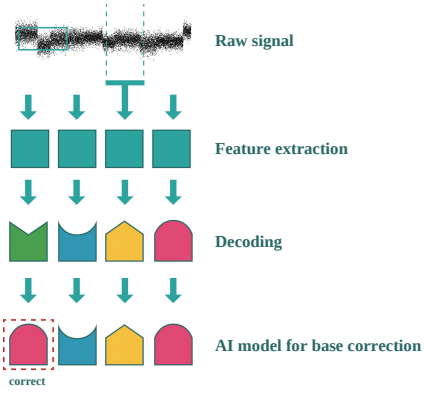
Our AI capabilities enhance our synthetic biology and chemical engineering expertise. Databases linking protein sequences with structures, combined with AI technology, have accelerated protein design for creating customized enzymes, protein-based drugs, vaccines, and drug delivery vehicles. Based on our platform technologies, we have independently developed multiple synthetic biology and chemical engineering platforms, including high-throughput automated protein screening systems and rapid high-throughput small molecule automated synthesis systems. These platforms enable us to optimize biological protein activity, enhancing the performance of synthetic products.

*AI-Assisted Data Analysis and Interpretation*

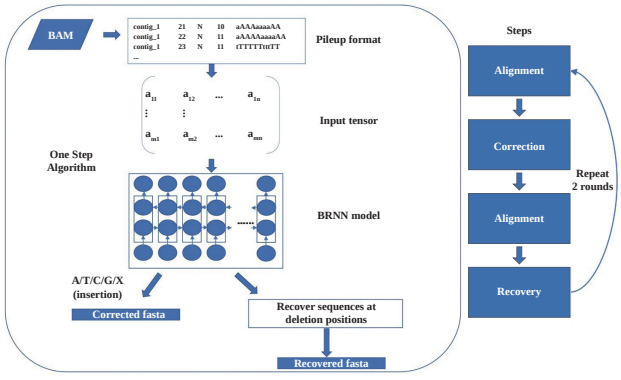
Our AI and bioinformatics platform is important to our product performance, enabling the rapid and accurate interpretation of complex biological data. A core function of our platform is to translate the raw, complex electrical signals generated by our nanopore detection cells into highly accurate genomic data. This is accomplished through a synergistic integration of our hardware with AI algorithms that facilitate predictions, pattern recognition, and data integration.

*Advanced Bioinformatics Applications*

Through a research collaboration with Peking University and Inner Mongolia Agricultural University, we have developed MetaCONNET, a novel metagenomic assembly tool. This tool leverages neural network-based machine learning models and specializes in error correction for long-read sequencing data in metagenomic assemblies, delivering superior performance across key metrics including accuracy, coverage, contiguity, and resource consumption in academic studies. Below is the workflow of our deep learning-based base recognition algorithms and the neural network-based machine learning model powering our MetaCONNET platform.




*Workflow of Deep Learning-based Base Recognition Algorithms*




*Neural Network-based Machine Learning Model*

*Source: MetaCONNET: A metagenomic polishing tool for long-read assemblies, Dec 2024, PLOS ONE*

In addition, by analyzing complex biological signals, such as ctDNA methylation patterns or metagenomic data from pathogens, AI algorithms can facilitate the early detection of cancers and the rapid identification of infectious agents. This capability contributes to more automated, sample-to-result sequencing workflows.

**Product Development Cycle**

We have built an in-house R&D management system. This management system enables our R&D activities to effectively align with the customers' needs and expectations based on regular interactions with customers and in-depth market research. Leveraging the seamless collaboration among different functional groups, we are able to deliver products with high quality to address market needs. Our product development process typically involves the following steps:

- *Product proposal and approval.* We typically collect thorough information related to market trends and demands before initiating a new product development project. Our product development cycle starts with a preliminary development proposal that describes unmet needs, research areas, key technologies and potential risks. Such a proposal is then assessed by multiple functional teams to consider technical feasibility, manufacturability, market potential, budget, and other critical variables. After that, a finalized product proposal is prepared for internal review by our management team, who will decide whether to proceed with the proposed project.

- *Product design and development.* After our management team approves the project, we will formulate a detailed development plan covering the product functionalities and applications, as well as labor and budget planning, and then commence the development process. Our new product design and development will strictly follow our internal control protocol prepared with reference to the risk management standards under GMP and ISO 13485:2016, among others. For details, please refer to "— Quality Control" in this section.

- *Product testing and validation.* All products will go through several rounds of internal testing and external file tests. Our management team will collect comprehensive feedback so that we can refine our designs, resolve technical issues and fix technology bugs. In addition, some of our products for clinical use are required to be validated in clinical trials in the relevant jurisdictions. For details, please refer to "— Research and Development — Clinical Development" in this section.

- *Launch.* In compliance with industry norms, we typically launch our products for RUO purpose after passing strict quality control checks, and continue to supervise their production and sales. For certain products for clinical use, we will launch them after receiving the relevant regulatory approvals, which vary in different jurisdictions. For details, please refer "Regulatory Overview."

**Our Research and Development Team**

As of the Latest Practicable Date, we had assembled a sophisticated and stable R&D team comprised of 68 members with multidisciplinary backgrounds and industry know-how across semiconductor, biotechnology and artificial intelligence, over 70% of whom hold doctorate or master's degrees, including 11 core R&D personnel who are primarily responsible for key R&D functions such as instrumentation and electronics, chips, software and data, biochemistry, product application development and manufacturing process research. Compatible with our global operations, we have R&D centers located in both China and the U.S. Our R&D team is led by our visionary and seasoned senior management. Our founder and CEO, Dr. Tian, is a leading scientist who is the inventor of over 100 granted patents globally, with more than 20 years of experience in the fusion of biotechnology and semiconductor. Our founder and COO, Dr. Ivanov, is a successful serial entrepreneur with extensive R&D experience and founded multiple biotech companies. As an inventor of over 100 granted patents globally, his expertise in nanomaterials and semiconductor provide valuable insights into our technological advancements and potential commercial success. For details, please refer to "Directors and Senior Management."

Our R&D team members possess strong academic backgrounds, having received professional education from world-renowned institutions such as Stanford University, Yale University, Purdue University, and Peking University. Our biochemistry and product integration team comprises professionals who have spearheaded gene sequencing or molecular diagnostic product development at prestigious entities such as Life Technologies (acquired by Thermo Fisher), the U.S. CDC, the Translational Innovation Center of Shenzhen Bay Laboratory, BGI and various nanopore sequencing companies. Our hardware and electronics team is made up of seasoned professionals with deep technical expertise, including IC design veterans, micro-electromechanical systems and nanotechnology experts, and software engineers specializing in medical device and AI-supported medical imaging system development.

We have entered into labor contracts with intellectual property assignments, confidentiality and non-compete provisions with all of our employees, pursuant to which intellectual property conceived and developed during their employment belongs to us, and all relevant rights or claims to such intellectual property are waived.

**Clinical Development**

We conduct clinical trials of certain product candidates if required by applicable laws and regulations. For details, see "Regulatory Overview — Relevant Laws and Regulations in the PRC — Regulation of Medical Devices — Clinical Evaluation and Clinical Trials of Medical Devices." We have professional personnel responsible for our in-house clinical development process, the duties of which include selecting clinical trial institutions, designing clinical trials, supervising CROs, monitoring clinical progress, and preparing materials for regulatory purposes.

***Collaboration with Clinical Trial Institutions***

The NMPA maintains a catalog of hospitals registered as clinical trial institutions, from which we select a number of leading hospitals to conduct our clinical trials. The factors we commonly consider when selecting institutions include their credentials, expertise, academic influence and background, infrastructure, equipment and patient demographics. We also meet with potential investigators to discuss the purpose and requirements of our clinical trial. After comprehensive evaluation, we and the institution generally enter into an agreement setting out the clinical trial's purpose, timeline, procedures, methods and risks. We then work together with the principal investigators to obtain an opinion from the institution's ethics committee. The clinical trials must be conducted in accordance with the protocol approved by the ethics committee. Any amendments to the protocol must be re-evaluated and approved by the ethics committee. During the Track Record Period, we cooperated with two clinical trial institutions in China for the clinical trial of our Core Product, including Zhejiang Provincial People's Hospital (浙江省人民醫院, which was the leading site) and Yichang People's Hospital (宜昌市人民醫院).

Pursuant to the agreements with these participating clinical trial institutions, the institutions are required to conduct the clinical trials strictly in accordance with the protocol, to collect data, and to issue trial reports at the end of each clinical trial. The lead institution will prepare formal reports based on the trial reports submitted by all participating institutions. In return for the institutions' services, we make scheduled payments as specified in the agreements. Under the agreements, we generally own all the intellectual property in relation to the clinical trial while the participating institutions may publish or otherwise use the clinical trial results for academic activities with our prior approval.

We maintain close communication with principal investigators involved in clinical trials, who are mainly reputable physicians and researchers in the clinical institutions, to better understand the performance of our product candidates and resolve any issues that might come up during clinical trials. We believe communication and suggestions from principal investigators from a clinical perspective are valuable to us in adjusting our registration plan and upgrading our design and development of product candidates.

***Relationships with CROs***

We collaborate with reputable CROs to conduct and support of our clinical trials. We select CROs by weighing various factors, such as their qualifications, expertise, experience, reputation and costs. We generally enter into an agreement with the CRO for each clinical trial. The CROs must comply with all applicable laws and regulations as well as follow our protocols to ensure that all clinical trial results are accurate and authentic. For the development of our Core Product, we collaborate with one CROs to conduct clinical trials.

Under the agreements with our CROs, we are responsible for trial protocol design and supervision of the trial progress, while the CRO takes responsibility for trial preparation, test sample collection, trial implementation and management, record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations or standards. In return for their services, we make scheduled payments as agreed in the agreements. Under the agreements, we generally own all intellectual property and trial results and the CROs must maintain strict confidentiality with respect to the information they acquired from us during clinical trials.

**Collaboration with Third Parties**

Besides collaborations for the purpose of clinical trials, we have developed strategic alliance and collaboration with renowned partners, facilitating scientific discoveries and technical advancements. For example, we collaborate with prominent universities, research institutes and hospitals, including Peking University, Guangzhou University, Huazhong University of Science and Technology and Inner Mongolia Agricultural University in the form of research projects, in which we are deeply involved in the major research and development activities. Under the collaboration agreements, the intellectual property rights arising from these research projects are either solely owned by us or co-owned, while specific ownership terms may be negotiated on a case-by-case basis. Collaborations with these third parties tightens customer relationships, keeps us informed of market demands and leading-edge technologies, and inspires us to continuously improve our products. Below is a summary of the key terms of the collaboration agreements with third parties.

| Category of Terms | Summary of Typical Terms |
|---|---|
| Scope and Services | The Company typically engages a partner (e.g., a CRO or university lab) to perform specific, non-core R&D services. These services are provided on a non-exclusive basis. The partner provides its technical expertise and services, while the Company provides the necessary materials, equipment and research direction. |
| Term | The term is generally project-based, terminating upon completion of the project or delivery of the agreed-upon results. Some agreements may have a typical fixed term of two years, subject to renewal by mutual consent. |
| Payment Terms | Payments are structured primarily on a fee-for-service basis or upon the achievement of specific, technical milestones. The Company pays a fixed fee to the partner in consideration for the services rendered. These agreements do not involve any profit or revenue sharing arrangements. |

| Category of Terms | Summary of Typical Terms |
|---|---|
| Intellectual Property Rights | The Company retains ownership of all its background intellectual property. For new technology resulting from the collaboration that is independently developed by the partner and unrelated to the Company's core technology, the IP rights are typically owned by the partner. For jointly developed IP, ownership is determined based on the respective contributions of each party. All agreements explicitly provide that any improvements or inventions related to the Company's core technology platform remain the exclusive property of the Company. |
| Confidentiality | Both parties are subject to strict confidentiality obligations and may not disclose the existence of the agreement, its terms, or any confidential information of the other party received during the collaboration. This obligation generally survives the termination of the agreement for two to ten years. |
| Governance and Termination | Due to the non-strategic nature of these collaborations, the agreements typically do not establish a joint steering committee or similar complex governance mechanisms. Either party may terminate the agreement under certain conditions. During the Track Record Period, the Company has not terminated any material collaboration agreement prematurely. |

## MANUFACTURING

### Manufacturing Facilities and Production Capacity

We manufacture, assemble and test our products mainly at our 4,100 square-meter manufacturing center in Wuxi. We had three production lines, with an annual designed production capacity of 1,000 units of instruments and 100 thousand sets of test kits. Our manufacturing facility is designed to be in compliance with GMP requirements of China and applicable regulations in the EU. We are also accredited in accordance with the ISO 13485 quality standard. As of the Latest Practicable Date, we had a manufacturing team of 19 employees. We have received the medical device production permit for AxiLona EL-100 from Jiangsu MPA in April 2025. Leveraging our own production lines and in-house manufacturing personnel, we do not rely on any imported products or external CMOs. We plan to build a new production line for our instruments and test kits to expand our manufacturing capability to capture the growing market demand.

The machines we use to manufacture our instruments and test kits mainly include, among others, air conditioning and purification system, purified water system, comprehensive electrical safety performance tester, plasma cleaning machine, spotting instrument, vacuum packaging machine, fluorescence quantitative PCR instrument, microscope, ultra-low temperature refrigerator. We purchase machinery from multiple suppliers, and we are able to purchase manufacturing machinery from alternative suppliers. As of the Latest Practicable Date, we owned all the equipment used in our production processes, including laboratory equipment and instruments. We perform routine and preventative maintenance on our manufacturing machinery and equipment to ensure their proper functioning. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material interruption to our production process due to machine or equipment failure.

We believe that our current manufacturing capacity is able to meet our short-term commercial needs. In addition, we have access to China's vast labor pool, which makes it easier for us to hire people with the appropriate skills for our production. Typically, we require new employees to undergo two to four weeks of training before they commence work on our

production lines. The training continues with respect to specific steps in the production process after employees commence work on the production lines. The comprehensive training enables us to increase our capacity utilization rate and our product yield rate, which as a result enhances our manufacturing efficiency.

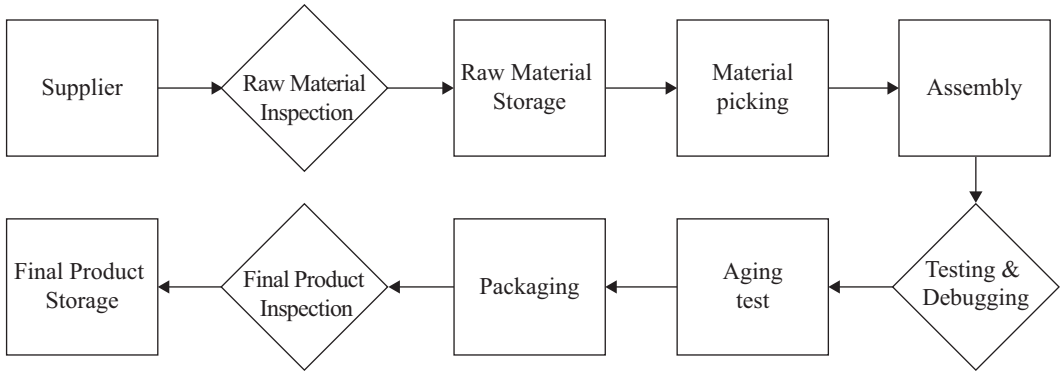
**Our Manufacturing Team**

We have a strong and specialized manufacturing team, well positioned to bring proprietary technologies or processes into GMP production. Our manufacturing team has abundant experience in medical device manufacturing and quality control. As we progress the commercialization of our Core Product, we will further expand our manufacturing team to meet the anticipated increase in the sales of our Core Product along with relevant test kits. We provide regular training to our manufacturing personnel to ensure that they possess the skill sets and techniques required in the relevant manufacturing process and comply with our quality control requirements as well as applicable laws and regulations.

**Production Process**

***Production Process for Our Instruments***

The following diagram illustrates the production process for our instruments.




The following is a brief description of the key steps in our manufacturing process of instruments.

- *Preparation of raw materials.* We procure raw materials from multiple suppliers to satisfy subsequent production steps. Following receipt, materials are inspected to ensure compliance with our quality standards and stored in appropriate warehouses. Materials with electrostatic discharge sensitivity undergo appropriate anti-static handling procedures. All instrument assembly operations are conducted in controlled cleanroom environments to ensure product quality and prevent contamination.

- *Modular manufacturing.* We produce major product parts in modular and standard procedures to efficiently manufacture standardized components that can be assembled into different end products.

- *Assembly.* Product components and parts are assembled according to the requirements of our production operation manual.

- *Testing.* We test the functionality of such components and products according to applicable testing standards.

- *Aging.* We conduct product aging tests to observe how product properties change over time, ensuring that products maintain their safety and efficacy even after extended storage periods.

- *Packaging.* We pack our products in compliance with sterile integrity and regulatory standards.

- *Inspection.* We conduct final inspection of our finished products according to applicable inspection standards and regulations.

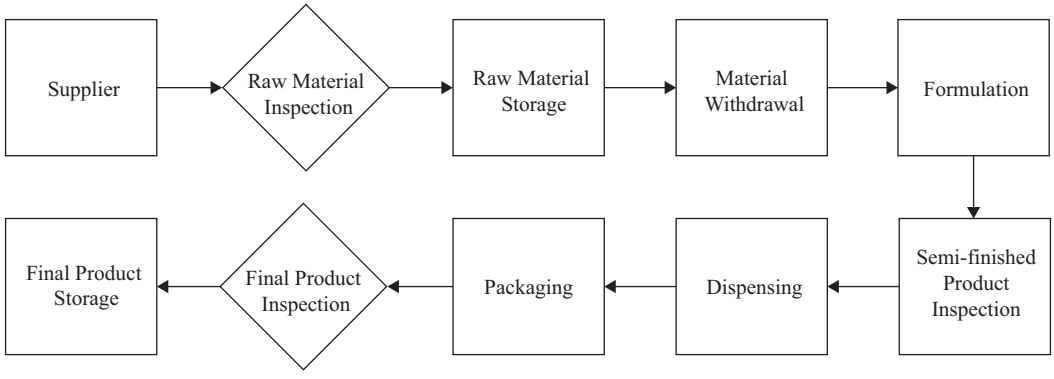
*Production Process for AxiLona EL-100*

The AxiLona EL-100 microarray chip analyzer consists of the main housing structure, a master control board (electronic circuit system), a chip loading subsystem (including mechanical motion parts and current signal acquisition module), a fluidic subsystem (comprising the reagent storage system and liquid circulation system), and adapters and proprietary software (AxiLona EL Sys, model: AxiLona EL-100). The device automatically loads and ejects disposable microarray chips through a motor-driven mechanism to ensure smooth electrical connection with the instrument. Users interact with the device through a computer interface, with data exchanged via USB connection for the reading and analysis of electrochemical signals.

The production workflow of the AxiLona EL-100 involves assembly of subcomponents, debugging, appearance assembly, packaging and inspection. Key assembly processes include: (i) reagent bottlemounting frame assembly; (ii) reagent bottle assembly; and (iii) solenoid valve assembly. Each process incorporates defined quality control methods, such as torque screwdriver tightening to ensure sealing integrity and subsequent leak testing for verification. All assemblies are performed under a dual-personnel system, whereby one staff member operates and another verifies, with torque wrenches calibrated regularly and each screw traceable by tool number. Other subsystems are integrated to achieve automatic chip loading, liquid filling and drainage, signal detection, barcode entry, and chip ejection, thereby enabling a fully automated workflow with improved efficiency and accuracy. Following assembly, specialized debugging software is used to configure and verify loading and ejection parameters, with manual cross-checking to ensure consistency and reliability. Each instrument undergoes a 1,440-minute aging test to confirm long-term durability before leaving the factory.

***Production Process for Our Test Kits and Other Consumables***

The following diagram illustrates the production process for our test kits and other consumables.




The following is a brief description of the key steps in our manufacturing process of test kits and other consumables.

- *Preparation of raw materials.* We procure raw materials from suppliers to satisfy subsequent production steps. Following receipt, we inspect these materials to ensure they meet our quality standards before storing them in appropriate

warehouses. Upon retrieval from the warehouse, materials are temporarily stored in the production area until needed.

- *Solution preparation.* We add a certain volume of each component according to our product protocol and production operation manual to prepare a primary solution. We dilute the primary solution with diluent according to our product protocol and manufacturing manual to produce an intermediate reagent product.

- *Quality control sample preparation.* Our consumables include quality control samples, which are primarily positive control products and negative control products that are used as a reference to testing samples in order to ensure the operation accuracy of the testing process.

- *Formulation.* Upon completion of all preparation steps, we proceed with reagent formulation.

- *Semi-finished inspection and quality control.* Our quality control personnel monitor our entire production process. After the reagent preparation, our quality control personnel take samples of the intermediate reagent products for quality inspection.

- *Dispensing and Packaging.* We dispense the reagents of our consumables according to the requirements of our production operation manual for different categories of reagent kits. We package our consumables according to our production operation manual and relevant regulatory requirements.

- *Final inspection.* We conduct final inspection of our finished products.

## PRODUCT WARRANTY, RETURN, RECALL AND EXCHANGES

For our commercialized products, our internal policy is to assume responsibility as required by law if the competent regulatory authorities find that our products are defective. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any such finding. We provide free repair services to customers within the specified warranty period of our products. In specific circumstances, following appropriate control procedures, we may authorize product returns or exchanges. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material customer complaint or product return or exchange from customers. Neither had we experienced any product recall during the Track Record Period and up to the Latest Practicable Date.

## SALES AND MARKETING

### Sales of Our Products

During the Track Record Period, we mainly sell our products directly to our customers and we expect to rely on direct sales of our products in the foreseeable future. To expand our commercial footprint both within our domestic market and overseas market in the future and penetrate the in-hospital market in anticipation of our products' expanded clinical applications, we have started to engage distributors for the sales of our products to access a broader customer base and will benefit our sales. From January 1, 2026 to the Latest Practicable Date, we had sold ten units of AxiLona EL-100, all of which were sold through distributors. We expect to sell an additional 28 units of AxiLona EL-100 in 2026 through distributors, all of which are expected to be sold in Chinese mainland.

#### *Direct Sales*

In 2024, a majority of our revenue from the sales of products were derived from direct sales. We have started and will continue to employ a series of effective and efficient measures to promote our direct sales to universities, hospitals and other academic institutions. The

following is a summary of certain terms and conditions in our sales and purchase agreements involving the direct sales of our products:

- *Duration*. The contract is effective from the date of signing and remains valid until all obligations are fulfilled.
- *Sales and Purchase*. We will sell and deliver specified products at a fixed price provided in the agreement to the buyer.
- *Payment*. The buyer must pay the full amount as specified in the payment terms. We typically offer two payment options: 100% payment before shipment, or a certain percentage upfront and the remaining amount within specified months after shipment, subject to case-by-case negotiation.
- *Delivery*. We are responsible for delivering the products to the buyer's designated location within several working days, typically 60 working days, after receiving the payment and written shipping notice from the buyer. The buyer must cooperate in receiving the goods and sign the delivery documents upon receipt.
- *After-sales*. We provide ongoing technical support and maintenance services for the products.
- *Return.* Returns are only accepted for products with quality defects.
- *Confidentiality*. The buyer must keep all information related to the products confidential and use it only for the purposes specified in the contract.
- *Termination*. We reserve the right to terminate the contract without prior consent from the buyer and without further liability. In the event of termination by the buyer, a penalty as a certain percentage of the total purchase price is required.

***Sales Through Distributors***

We are in the process of establishing our distribution network and will expand the network after our products are approved for clinical use as well as we roll out new products. As of the Latest Practicable Date, we had 12 distributors in China, including (i) five distributors that had entered into distribution agreements with us, (ii) four distributors that had recorded sales of AxiLona EL-100, and (iii) three distributors that had recorded sales of both AxiLona EL-100 and AxiLona AXP-100, and we currently do not have any sub-distributors. We generally operate a single-layer distribution system and do not allow distributors to engage sub-distributors within their designated geographic area, unless with our prior review and consent. Our arrangement of sales through distributors is consistent with common industry practices. According to CIC, it is customary in the medical device industry to rely on distributors for the sale of medical devices. Currently, we primarily engage distributors through fixed-term written distribution agreements. During the Track Record Period, to the best of our Directors' knowledge, none of our distributors had any past or present relationship (business or otherwise) with our Group, our shareholders, Directors, senior management or any of their respective associates.

We seek to select distributors with valid licenses, well-established sales channels, historical performance, business operation status, wide coverage of hospitals, strong customer service and after sales service capabilities, a good credit profile, stable operation sites and sufficient financial capacity. We have established smooth communication channels with distributors which help us to gather necessary information to set reasonable sales targets for distributors and adopt appropriate sales and pricing strategies. We recognize revenue from distributor sales when the products have been delivered, and titles have passed to the distributor upon its receipt. Please refer to "Financial Information — Material Accounting Policies and Significant Accounting Judgements and Estimates — Material Accounting Policies — Revenue Recognition" for more details of our revenue recognition policies.

Since receiving approval for commercial sale from the Jiangsu MPA for AxiLona EL-100, we have actively collaborated with our distributors to promote the product and support early-stage commercialization. These efforts include joint participation in academic seminars, product roadshows, and trial evaluations aimed at demonstrating the clinical and research value of AxiLona EL-100 to physicians and laboratory researchers. We have also conducted customer visits and participated in industry exhibitions to engage with potential end-users. In addition, we are working closely with key opinion leaders to enhance product credibility and market recognition. These promotional activities are designed to accelerate market adoption and lay the foundation for long-term growth.

As of the Latest Practicable Date, among the 12 distributors in China, we had two distributors with whom we had entered into distribution agreements, under which four units of AxiLona EL-100 had been sold. Under this agreement, our products will be supplied at fixed prices and the distributor is responsible for distribution within its designated territory. Under this agreement, two units of AxiLona EL-100 have been sold. In addition to these agreements, we also engage certain distributors on a per-order basis, whereby products are supplied pursuant to individual purchase orders, with fixed pricing for each batch and contractual terms that are consistent with those of our direct sales agreements. The following is a summary of key terms of our fixed-term written agreements with distributors.

- *Duration.* The distribution agreements typically have a one-year term. The sales and purchase agreements are on an order-by-order basis.

- *Sales and purchase.* We will sell and deliver specified products at a fixed price provided in the agreement to distributor.

- *Payment.* The distributor must pay the full amount as specified in the payment terms. We require the distributor to pay 100% payment before shipment.

- *Delivery.* We shall deliver and install the products at our expenses, within a specific period after receiving the full payment (usually 30 days).

- *After-sales service.* We shall provide related ongoing technical support and maintenance services for a specific period after sale.

- *Return.* We do not accept product return except for products with quality defects, which is in line with market practice.

- *Confidentiality.* Distributor shall keep confidential any information relating to our products.

- *Geographic restrictions and exclusivity.* We grant our distributors exclusive rights to sell our designated products to their designated end-customers or end-customers within their designated territories. Our distributors are required to abide by geographic restrictions stipulated in the written agreements.

- *Sub-distributors.* Distributors are strictly prohibited from appointing sub-distributors within their authorized territories without our prior written consent. Where authorization is granted, distributors must submit sub-distributor profiles (including territorial scope, pricing terms, and performance metrics) and execute a tripartite agreement jointly with us.

- *Termination.* The agreement may be terminated by us when, among other things, the distributor fails to comply with relevant laws and regulations, fails to meet its target sales amount, or breaches any undertaking in the agreement and fails to remedy such breach within a specified period of time. Either party to the distribution agreement has the right to terminate the agreement with three months' notice.

Our Directors confirmed that there was no material breach of distribution agreements and sales and purchase agreements that caused the termination of such agreements during the Track Record Period.

## Marketing

We primarily rely on our in-house team to formulate and execute marketing strategies. While we do harness the resources of a small number of distributors to promote our brand and products and to support our in-person events locally, our distributors take on more administrative and supportive roles in our overall marketing strategies. We also engage in extensive academic marketing activities with KOLs, physicians and researchers to promote our brand and establish a quality end-user base. Our academic marketing activities primarily include: (i) establishing clinical collaboration with top-tier hospitals, pharmaceutical companies and research institutes, (ii) providing product education to potential and current customers, and (iii) participating in medical conferences and industry exhibitions to communicate with doctors, researchers and other industry players to keep abreast of the latest industry developments and clinical practices and to present our products and services and share our latest research and product development progress. For example, in March 2025, we attended the CACLP 2025 and organized a living streaming event to introduce our brand and products to potential customers.

We rely on KOLs to introduce and recommend our products to physicians and clinical researchers. KOLs have academic incentives in learning the latest molecular diagnostic and gene sequencing options available in China within their therapeutic areas and introducing cutting-edge technologies and products that they believe have clinical benefits to other physicians, all of which help maintain their reputation and standing within the broader medical community. We are also expanding our reach to other innovative areas to build reputation and recognition. For instance, we have established cooperative relationship with Nanjing customs in the field of identification of endangered species. In addition, we have also established an active online presence through our social media accounts and our corporate websites at **www.axbio.cn**. On these online channels, we provide extensive information about our technology platform, our superior products and solutions, and our competitive and technical advantages.

## Pricing

We formulate and implement a reasonable pricing strategy for our marketed products to stay competitive and profitable. We primarily sold our products with prices in a fixed range during the Track Record Period. We take into account a number of factors in determining price for our products, which primarily include our R&D, production and marketing costs and expenses, the perceived value of products and services, our market share, and the competitive landscape. We adopt a pricing strategy that combines cost-plus pricing with market competition analysis. The ex-factory price of AxiLona EL-100 is determined based on a cost-plus approach, ensuring competitive pricing in the market. The end-user price is set to be more competitive compared to multiplex PCR detection technologies, taking into account market competition. Additionally, the pricing of medical devices is impacted by national reimbursement policies and tendering processes. Leveraging the cost advantages of AxiLona EL-100, we are able to incorporate a buffer to address subsequent negotiations for potential price reductions with hospitals. According to CIC, the ex-factory prices of multiplex PCR microarray analysers in China generally range from approximately RMB80 thousand to RMB550 thousand, while the corresponding bid prices typically range from approximately RMB160 thousand to RMB1,200 thousand, depending on product configuration and throughput. Within such ranges, the ex-factory price of AxiLona EL-100 is positioned at the mid-to-lower end of the industry range, and its bid price is also at the lower end of the industry range, reflecting our cost advantages and competitive pricing strategy.

In addition, our pricing strategies may be affected by the regulations and policies in the general medical device industry. As of the Latest Practicable Date, there was no pricing guidance or centralized procurement set by the PRC government on our products. If the PRC government issues pricing guidance for our products, the prices thereof may be negatively affected. For details, please see "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to the Commercialization of Our Product Candidates — Even if we are able to commercialize any products, the pricing of such products may be subject to downward

changes, which may have a material adverse effect on our business, financial condition and results of operations." As of the Latest Practicable Date, the use of our products is not included in the medical insurance reimbursement list in China. We closely monitor new policies affecting the pricing of medical devices and their relevant services globally, and keep updating our pricing strategies to navigate in the evolving regulatory environment and cope with local policies and competition in different regions, intending to maintain the price levels of our products and maximize our overall sales.

## OUR CUSTOMERS

We have a broad and diversified customer base. As of the Latest Practicable Date, we have sold our products to industry partners, research institutions and hospitals in China and the U.S. Our customers generally have sound and stable financial conditions and pose low risk of default, which contributes to our healthy cash flow and our ability to operate in a volatile market. We have also earned strong loyalty among our customers.

During the Track Record Period, our customers were primarily research institutes and hospitals. In 2024 and 2025, the aggregate sales to our five largest customers accounted for 98.1% and 85.9% of our total revenue, respectively, and sales to our largest customer accounted for 24.8% and 53.9% of our total revenue, respectively. The following table sets forth details of our five largest customers during the Track Record Period:

| Five largest customers | Background | Products or services provided | Commencement of business relationship | Credit term | Revenue contribution *(USD in thousands)* | % of total revenue in same period |
|---|---|---|---|---|---|---|
| ***For the year ended December 31, 2024*** | | | | | | |
| Customer A | A private company founded in 2018 in China that engages in the provision of medicine and healthcare-related services | EL-NGS gene sequencers | 2024 | Partial advance payment, balance paid after delivery and acceptance | 119 | 24.8 |
| Customer B | A private company founded in 2014 in China that engages in the provision of genetic testing services | EL-NGS gene sequencers | 2024 | Partial advance payment, balance paid after delivery and acceptance | 118 | 24.6 |
| Customer C | A private company founded in 2023 in Kazakhstan that engages in equipment distribution | Molecular diagnostic solutions | 2023 | Advance payment | 91 | 19.0 |
| Customer D | A public hospital founded in 1956 | Molecular diagnostic solutions | 2024 | Partial payment after acceptance, balance paid later | 72 | 15.0 |
| Customer E | A leading comprehensive research university | EL-NGS gene sequencers | 2023 | Full payment upon delivery and acceptance | 70 | 14.7 |
| **Total** | | | | | **470** | **98.1** |

| Five largest customers | Background | Products or services provided | Commencement of business relationship | Credit term | Revenue Contribution *(USD in thousands)* | % of total revenue in same period |
|---|---|---|---|---|---|---|
| ***For the year ended December 31, 2025*** | | | | | | |
| Customer F | A private company founded in 2000 in China that engages in the provision of import and export services | EL-NGS gene sequencers | 2024 | Advance payment | 652 | 53.9 |
| Customer G | A private company founded in 1985 in China that engages in the provision of medical devices | EL-NGS gene sequencers | 2025 | Advance payment | 211 | 17.4 |
| Customer H | A public hospital founded in 2019 | Molecular diagnostic solutions | 2025 | Partial advance payment, partial payment upon delivery, balance paid one year after acceptance | 68 | 5.6 |
| Customer I | A private company founded in 2022 in Hong Kong that engages in the provision of import and export services | Molecular diagnostic solutions | 2024 | Advance payment | 58 | 4.8 |
| Customer J | A private company founded in 2025 in China that engages in the provision of medical devices | EL-NGS gene sequencers | 2025 | Advance payment | 50 | 4.1 |
| **Total** | | | | | **1,039** | **85.9** |

To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [**REDACTED**] had an interest in any of our customers during the Track Record Period.

## OUR SUPPLIERS AND RAW MATERIALS

### Suppliers

During the Track Record Period, our suppliers mainly comprised of service providers across scientific research, facility operations, and professional technical support, and raw material suppliers. In 2024 and 2025, purchases from our five largest suppliers in aggregate accounted for 33.0% and 26.1% of our total purchases (including value added tax), respectively, and purchases from our largest supplier accounted for 10.8% and 7.0% of our total purchases for the same periods (including value added tax), respectively. Please see below a summary of the purchases from our five largest suppliers for the periods indicated.

| Five largest suppliers | Principal business | Products or services purchased | Commencement of business relationship | Credit term | Purchase amount *(USD in thousands)* | % of total purchases in same period |
|---|---|---|---|---|---|---|
| ***For the year ended December 31, 2024*** | | | | | | |
| Supplier A | A renowned research institute founded in 2000 in China | Scientific research services | 2017 | Advance payment | 824 | 10.8 |
| Supplier B | A private company founded in 1999 in China that provides technical and other services to new high-tech enterprise | Site rental services | 2022 | Monthly payment | 601 | 7.8 |
| Supplier C | A private company founded in 1993 in China that provides corporate and enterprise management services | Labor dispatching services | 2022 | Advance payment | 411 | 5.4 |
| Supplier D | A famous law firm in the U.S. | Legal services | 2018 | Advance payment | 407 | 5.3 |
| Supplier E | A private company founded in 2020 in China that engages in technology research and development and equipment sales | Equipment | 2024 | Advance payment | 281 | 3.7 |
| **Total** | | | | | **2,524** | **33.0** |

| Five largest suppliers | Principal business | Products or services purchased | Commencement of business relationship | Credit term | Purchase amount *(USD in thousands)* | % of total purchases in same period |
|---|---|---|---|---|---|---|
| ***For the year ended December 31, 2025*** | | | | | | |
| Supplier E | A private company founded in 2020 in China that engages in technology research and development and equipment sales | Equipment | 2024 | Advance payment | 644 | 7.0 |
| Supplier B | A private company founded in 1999 in China that provides technical and other services to new high-tech enterprise | Site rental services | 2022 | Monthly payment | 593 | 6.4 |
| Supplier D | A famous law firm in the U.S. | Legal services | 2018 | Payment upon invoice | 509 | 5.5 |
| Supplier F | A private company founded in 2025 in China that engages in the provision of technical services | Servers | 2025 | Advance payment | 448 | 4.9 |
| Supplier G | A private company founded in 1992 in China that engages in the provision of site rental services | Site rental services | 2021 | Advance payment by quarter | 211 | 2.3 |
| **Total** | | | | | **2,405** | **26.1** |

To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [**REDACTED**] had an interest in any of our suppliers during the Track Record Period.

**Overlapping of Customers and Suppliers**

Customer E was one of our five largest customers in 2024, and also a supplier of ours in 2024. We engaged Customer E to provide R&D services for us, and Customer E purchased our EL-NGS gene sequencers during the Track Record Period. The transaction amount of our purchase from Customer E as a percentage of our total purchases was 2.6% in 2024, respectively. In 2024, the revenue generated from Customer E was US$70.0 thousand, while the costs of sales and gross profit related to Customer E were US$13.0 thousand and US$57.0 thousand, respectively. These amounts corresponded to 14.6%, 7.4% and 18.7% of our total revenue, costs of sales, and gross profit for the year, respectively.

The relationship with Customer E is an example of a symbiotic industry-academia collaboration. We engaged the university to leverage its high-end R&D capabilities and access its leading research expertise. We commissioned the university to provide specialized R&D services to us. Concurrently, the university purchased our EL-NGS gene sequencers. As a leading academic institution, it requires equipment for its own research projects and educational purposes. We expect that the magnitude of such overlap will not increase with the evolvement of our business operations.

Negotiations of the terms of our sales to and purchases from Customer E were conducted on an individual basis, and the sales and purchases were neither inter-connected nor inter-conditioned with each other. Our Directors confirm that all of our sales to and purchases from Customer E were conducted in the ordinary course of business under normal commercial terms and on arm's length basis. Our Directors confirm that, saved as disclosed above, none of our major suppliers was our customers, or *vice versa*, during the Track Record Period.

**Raw Materials**

For our products and product candidates, we primarily use raw materials including (i) printed circuit board assembly, pumps, wafers, valves, plastic parts, and metal processing components for our products, and (ii) enzymes, probes, primers, common chemical reagents, and screw-cap tubes for test kits. We select our raw material suppliers based on a number of factors, including the quality of raw materials, after-sales service and price. We use reputable suppliers from China, Europe and other countries. Based on the current market conditions, we intend to maintain stable working relationships with our major suppliers of raw materials. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in procuring our major raw materials and had not experienced significant fluctuations in the prices of our supplies. To the best knowledge of our Directors, there had been no material breach of our procurement agreements with our suppliers during the Track Record Period.

## INVENTORY MANAGEMENT

Our inventory mainly consists of raw materials and consumables used on our proprietary instruments, as well as finished goods. We regularly monitor our inventories and endeavor to keep an optimal inventory level in line with the expected usages in the near term. We operate warehouses and have established an inventory management system to monitor each stage of the warehousing process. Warehouse personnel are responsible for the inspection, storage and distribution of raw materials. Our Directors confirmed that our inventory control system and policies had been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date.

## QUALITY CONTROL

The quality, safety and reliability of our products are vital to our continued success. Our quality control and regulatory team is involved in every aspect of our daily operations to ensure the quality control of our products. We have established an internal control protocol for the design and development of medical devices with reference to various domestic and international risk management standards, including GMP, GB/T42061-2022 and GB/T42062-2022 idt ISO14971:2019. We provide trainings to relevant employees to ensure that they are able to correctly and effectively implement our quality control system. Our quality control procedures in the production process primarily consist of the following:

- *Raw material control and inspection.* We conduct meticulous due diligence on our suppliers and only purchase our raw materials from suppliers whose qualifications satisfy our internal supply management policies. We also inspect samples from each batch of raw materials to help ensure there are no quality or other issues;

- *Process control.* We plan the production process based on the technologies adopted by each product type and monitor the entire production process, particularly certain key steps of the production process. Each semi-finished product is required to go through the QC inspection and QA confirmation process to be used for the next stage manufacturing step;

- *Product inspection.* We compile our product inspection manual based on our product specifications, and inspect our products in accordance with our product inspection manual, including testing the capability and measurement of our products, verifying the product labels and manuals as well as confirming that the products are properly packaged; and

- *Product release.* During the production process, all records, procedures, methodologies, and inspection logs are meticulously reviewed to ensure they align with product specifications and quality standards. Upon verification, our products are granted entry into the warehouse, accompanied by the release document and a certificate of conformity.

We had complied with all of our quality qualification requirements in material respects up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints about product quality and our products had not been subject to any material claim, litigation or investigation.

## INTELLECTUAL PROPERTY RIGHTS

We have built an extensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how. As of the Latest Practicable Date, we had 42 issued patents and 22 patent applications in China, 13 issued patents and 18 patent applications in the U.S. and other jurisdictions. We also have four layout-design of integrated circuits registered in China. Specifically, in relation to our Core Product, AxiLona EL-100, we had five issued patents and six patent applications as of the Latest Practicable Date, including four patents in China, one patent in Japan, one patent application in China, one patent application in Japan, one patent application in European Union, one patent application in the U.S., one patent application in Canada, and one patent application in Hong Kong. We believe there is no material legal impediment to obtain the approvals for these pending patents. The following table sets forth material patents relating to our Core Product and Key Product as of Latest Practicable Date.

| Related Product | Title of Patent | Jurisdiction | Patent Holder | Date of grant |
|---|---|---|---|---|
| AxiLona EL-100 | A liquid system and a nucleic acid testing device (一種液路系統及核酸檢測設備) | PRC | Anxuyuan Wuxi | July 25, 2023 |
| AxiLona EL-100 | A chip for calibrating a testing device (一種校正檢測儀器的芯片) | PRC | Anxuyuan Wuxi | July 25, 2023 |
| AxiLona EL-100 | Microfluidic chips and nucleic acid testing devices (微流控芯片及核酸檢測設備) | PRC | Anxuyuan Wuxi | August 18, 2023 |
| AxiLona EL-100 | Systems and methods for assessing a target molecule | Japan | Axbio US | January 14, 2025 |
| AxiLona AXP-100 | Methods for processing a nucleic acid sample and compositions thereof | U.S. | Axbio US | March 18, 2025 |
| AxiLona AXP-100 | Methods, systems, and compositions for nucleic acid sequencing | U.S. | Axbio US | February 18, 2025 |
| AxiLona AXP-100 | Methods, systems, and compositions for nucleic acid sequencing | U.S. | Axbio US | March 14, 2023 |
| AxiLona AXP-100 | Biomolecule diagnostic systems | U.S. | Axbio US | November 1, 2022 |
| AxiLona AXP-100 | Sequencing reagents (測序試劑) | PRC | Anxuyuan Shenzhen and Anxuyuan Wuxi | November 8, 2022 |
| AxiLona AXP-100 | Integrated circuits for analyzing biological systems | U.S. | Axbio US | March 23, 2021 |
| AxiLona AXP-100 | Apparatus and methods for continuous diagnostics of macromolecules | U.S. | Axbio US | February 9, 2021 |
| AxiLona AXP-100 | Devices and methods for measuring the properties of macromolecules | U.S. | Axbio US | December 17, 2019 |
| AxiLona AXP-100 | Gene sequencing apparatus and gene sequencing methods (基因測序裝置和基因測序方法) | PRC | Anxuyuan Shenzhen | June 27, 2023 |
| AxiLona AXP-100 | Preparation method of branch-like macromolecule-modified nucleotides (樹杈狀大分子修飾的核苷酸的製備方法) | PRC | Anxuyuan Shenzhen | October 21, 2022 |
| AxiLona AXP-100 | Microfluidics devices and gene sequencer (微流體裝置及基因測序儀) | PRC | Anxuyuan Shenzhen | June 11, 2024 |

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned, licensed, or issued patents or any such patents that may be issued in the future will be commercially useful in protecting our core product and pipeline products and methods of manufacturing the same.

Based on the freedom to operate ("**FTO**") analysis of certain core technologies of our Core Product and Key Product, we were not aware of any issued patents that may affect our rights to conduct research and development or commercialization of our Core Product and Key Product in China and the U.S. FTO analysis is a patent investigation, based on a search of patent databases, that is commonly used to determine whether any existing patents cover a company's product, and whether that product would infringe any existing patents. However, we cannot provide any assurance that all relevant third party patents were identified or that conflicting patents will not be issued in the future.

We rely, in some circumstances, on trade secrets or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering confidentiality arrangements with consultants, advisors, and other third parties. We have entered into labor contract with intellectual property assignments and confidentiality provisions with all of our employees, pursuant to which intellectual property conceived and developed during their employment belongs to us, and they have waived all relevant rights or claims to such intellectual property. We have also entered into non-compete agreements with key employees. We also have established an internal policy governing the confidentiality of all company information.

However, the confidentiality arrangements may not provide enough protection of our trade secrets or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secrets or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secrets or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to protect our trade secrets and proprietary information sufficiently. For details, please refer to "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our Intellectual Property Rights — If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers."

As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in China and are seeking trademark protection for our Company and our corporate logo in the countries where available and appropriate.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings regarding intellectual property rights infringement claims against us or initiated by us. However, there are risks if we fail to protect our intellectual property rights in the future. For details, please refer to "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our Intellectual Property Rights."

## DATA PRIVACY AND PROTECTION

We are subject to stringent data privacy and protection laws and have implemented comprehensive policies and internal controls to govern our collection, use, and handling of data. Our handling of sensitive data for current operations limits to personal health data including diagnostic results of clinical trial subjects. We routinely receive, collect, generate, store, process, transmit, and secure sensitive data, which is central to our clinical trials, and the provision of our products and services. This data is currently primarily collected from clinical trial subjects. Besides, we do not use any personal data for training AI for current products and services. Accordingly, we are subject to relevant local, national, and international data protection and privacy laws and regulations in the jurisdictions where we operate, including the PRC.

Our data management lifecycle is designed to ensure compliance with applicable laws and respect for user privacy from collection to deletion.

- ***Data Collection and Use***. We indirectly handle and are exposed to certain data, including desensitized personal and health information generated from our clinical trails. Such data are collected by hospitals or CROs from enrolled subjects, and are shared with us only to the necessary extent. The information primarily includes initials, sex, age, test result, diagnostic information. This data is essential for conducting our clinical trials, for the research and development of our product candidates, and for providing and improving our services. We also collect contact information and comments from viewers of our official websites

for connection with potential customers. We do not collect or use any data generated during the provision of product or services by customers, which is solely under customers' control and cannot be accessed. Besides, we only use data generated during internal device tests and detection, or publicly available data for training of AI functions. We do not use any personal data for training purpose. We ensure the compliance of all acquisition of training data by abiding by the website terms of use and applying our internal technical and management protection measures. During internal device tests, we only process experimental data generated from the testing process, including comparative sequence data from other similar device tests, enzyme mutation sites, enzyme activity test data, and other related data ("**Experimental Data**"). No personal information is collected or processed in any form. Additionally, we obtain part of the aforementioned Experimental Data through publicly available web crawling, which involves only publicly accessible data. All crawling activities comply with the respective website user agreements, and no personal information is collected or processed during this process.

- ***User Consent***. We do not collect or use any data without obtaining prior consent. For clinical trials, we obtain explicit written informed consent from every trial subject before their enrollment through informed consent letter prepared by the sites of the clinical trial. The scope of consent is clearly defined, specifying the purposes for which the data may be used, including for the specific clinical trial and potentially for future scientific research, subject to applicable laws. Furthermore, for website viewers, our website privacy policies detail the processing purposes, scope and data retention period, after which the data is scheduled for secure deletion or anonymization. Our privacy policies stipulate that the data storage time should be minimized. Data retention period shall not be longer than the consented retention period or any retention period as stipulated by law. Data is scheduled for secure deletion or anonymization after the retention period or upon request by the data provider.

- ***Data Storage, Sharing, and Deletion***. Data is stored on secure, encrypted servers with strict access controls. We have established protocols for the secure deletion and destruction of data once it is no longer required for the authorized purpose or upon the expiration of the retention period.

Regarding cross-border data transfer, our current overseas operations only involve sharing R&D progress, product specifications, and performance study reports with overseas entities for the purpose of synchronizing R&D initiatives and providing technical support. To clarify, our existing activities do not entail any cross-border transfer of personal information of trial subjects or human genetic resources. In light of our potential expansion into overseas markets, including future clinical trials in the United States, we are committed to full compliance with applicable laws and regulations governing cross-border data transfer, cybersecurity, and data security, including the relevant provisions stipulated by the Cyberspace Administration of China and the laws of the recipient jurisdiction.

We have implemented a comprehensive system of internal controls and management policies to ensure the privacy and security of data, prevent data leakage, and ensure proper authorization for data usage across our business, including for AI training. These measures are enforced to ensure legal and regulatory compliance. Key measures include:

- ***Data Governance and Management***. We have established standard operating procedures (SOPs) for data management throughout its lifecycle, including data management, data validation, and secure handling, particularly for clinical data.

- ***Technical Security***. We have implemented technical safeguards such as data encryption for data at rest and in transit, firewalls, intrusion detection systems, and strict access control mechanisms to ensure that data is only accessible by authorized personnel on a "need-to-know" basis.

- ***Authorization and Usage Control***. We have specific protocols that govern the authorization and usage of data for AI model training, ensuring that only properly de-identified data is used and that the usage aligns with the scope of user consent.

- ***Employee Training and Confidentiality***. All our employees are required to enter into confidentiality agreements and receive mandatory, regular training on data protection regulations, our internal privacy policies, and security best practices.

- ***Incident Response***. We have established an emergency response plan to promptly address any potential data security incidents or breaches.

During the Track Record Period and up to the Latest Practicable Date, based on confirmation from our PRC Legal Advisor, we have complied with all applicable PRC laws and regulations related to data security and privacy in all material aspects. We have not been subject to any material administrative penalties or been the target of any material regulatory inquiries in relation to data privacy and protection.

For further details regarding the risks associated with data privacy and protection, please see "Risk Factors — Risks Relating to Our Business — We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security."

## COMPETITION

We operate in a rapidly changing market, resulting from technological advances and scientific discoveries. Principal competitive factors important to our success include superior performance of our molecular diagnostic and gene sequencing products, strong multidisciplinary and proprietary technology capabilities, established brand awareness and end-user recognition, effective sales channels, a stable supply chain and the ability to navigate and comply with stringent regulation. For additional details regarding the competitive landscape of the industry in which we operate, please refer to "Industry Overview." We believe we have established strong competitive advantages with our highly synergistic and comprehensive portfolio and R&D-driven innovation, which we expect to enable us to sustain our market position and capture future opportunities. We strive to rapidly advance our product candidates into commercialization and receiving approval to solidify our first-mover advantage amongst other players in the industry with respect to clinical application of molecular diagnostic and gene sequencing, supported by developing test kits with regulatory approval or through other pathways.

## AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognition we have received as of the Latest Practicable Date.

| Year | Award or Recognition | Issuing Authority |
|---|---|---|
| 2026 | Specialized, Refined, Differential and Innovative Small and Medium-sized Enterprise | Service Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality |
| 2025 | Best Team Award at "Kechuang • Lake Liuye" Synthetic Biology Innovation and Entrepreneurship Competition | Department of Commerce of Hunan Province and The People's Government of Beijing Municipality |
| 2024 | 2024 Future Healthcare 100 Strong: China Innovative Medical Devices and Intelligent Manufacturing TOP 100 | VB100, Artery Net, Eggshell Research Institute |

| Year | Award or Recognition | Issuing Authority |
|---|---|---|
| 2024 | 2024 Medical Device Industry Top 100 Emerging Enterprises Innovation Index and 2024 Medical Device Industry Innovation Index in In Vitro Diagnostics (IVD) Sector | National Innovation Center for Advanced Medical Devices |
| 2024 | Advancement to the Semi-Finals of the 16th China (Shenzhen) Innovation and Entrepreneurship Competition | Organizing Committee of China (Shenzhen) Innovation and Entrepreneurship Competition |
| 2023 | 2023 Greater Bay Area Enterprise Innovation Power List: Future Creator Star List | Shenzhen Industrial Federation |
| 2023 | 2023 VentureBeat 100 Future Unicorn List | VentureBeat |
| 2023 | China Innovative Medical Device TOP 100 | VB100, Artery Net, Eggshell Research Institute |
| 2022 | 2022 First Batch of National "High-Tech Enterprises" | National High-Tech Enterprise Recognition Management Working Leadership Group Office |
| 2022 | 2022 China Top 100 Emerging Enterprises in High-Performance Medical Devices | National Innovation Center for Advanced Medical Devices |
| 2021 | Beyond Awards | BEYOND Expo |
| 2021 | 4th Greater Bay Area Biotechnology Innovation Enterprise 50 Strong: Pioneer Enterprise | China Innovation Research Institute, Guangdong Medical Valley |
| 2018 | Nanshan Leading Team Program | Shenzhen Nanshan District Science and Technology Innovation Bureau |

## EMPLOYEES

As of the Latest Practicable Date, we employed 111 full-time employees, the majority of whom were based in China. The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date.

| Function | Number | % of Total |
|---|---|---|
| R&D | 68 | 61.3 |
| Manufacturing and quality control | 19 | 17.1 |
| Management and administrative affairs | 16 | 14.4 |
| Sales and marketing | 8 | 7.2 |
| **Total** | **111** | **100.0** |

We enter into an employment contract with each employee covering matters including salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause, and grounds for termination, among others. We have entered into labor contract with intellectual property assignments and confidentiality provisions with all of our employees. We have also entered into non-compete agreements with key employees.

To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional, or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses, and share-based payment to our employees, particularly our key employees.

During the Track Record Period, we did not pay social insurance and housing provident funds in full for some of our employees in strict compliance with relevant laws and regulations. We have made full provisions in respect of the outstanding amount of the social insurance and housing provident fund contributions. In 2024 and 2025, our shortfall of contribution to social insurance and housing provident funds amounted to US$524.0 thousand and US$506.0 thousand, respectively.

We have taken the following rectification measures to prevent future occurrence of such non-compliance: (i) we plan to strengthen legal compliance training to our employees to increase their awareness of the relevant PRC laws and regulations and encourage their cooperation in making payments for social insurance and housing provident funds; (ii) we have implemented and distributed to our employees an internal control policy with respect to social insurance and housing provident fund contributions in compliance with relevant PRC laws and regulations; and (iii) we plan to regularly consult external counsel to assess whether we are at risk of non-compliance with the relevant laws and regulations.

As advised by our PRC Legal Advisor, under the relevant PRC laws and regulations, an employer that fails to pay social insurance contributions in full and on time may be ordered by the applicable authority to make the payment of the outstanding contributions within a stipulated deadline. A late payment fee of 0.05% of the outstanding amount per day may also be imposed from the date of default. We estimate that in the event that we are ordered to make up for the social insurance outstanding contributions during the Track Record Period, the maximum late payment fee would be approximately RMB0.9 million as of December 31, 2025. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue. In addition, an employer that has failed to pay the housing provident fund on time or underpaid the housing provident fund in violation of relevant regulations, may be ordered to make the payment within a stipulated deadline. If the employer still fails to make the payment within the stipulated deadline, the competent authorities may apply to the court for compulsory enforcement.

As advised by our PRC Legal Advisor, and in light of the relevant facts outlined above, if we promptly pay the historical outstanding amounts within the stipulated timeframe as required by the competent authority, the likelihood that we are subject to late payment fees and any material penalties due to our failure to provide full social insurance and housing provident funds contributions for our employees is remote. As of the Latest Practicable Date, no competent government authorities had imposed fine or penalty to us with respect to this non-compliance incident.

According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《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)》) enacted by the Supreme People' Court on July 31, 2025 and implemented on September 1, 2025. Where an employer and an employee enter into a written or verbal agreement that social insurance premiums need not be paid by both parties, the people's court shall not support this arrangement and shall determine that the agreement is

invalid. Accordingly, when an employer fails to pay social insurance premiums even as previously agreed between the employer and an employee, upon the employee's termination of the employment contract, the employer shall make up the unpaid social insurance premiums and pay economic compensation to the employee in accordance with the provisions of the Labor Law.

Having considered that (i) we and the relevant employees have never signed any agreement that no payment of social insurance would be required to be made by us; (ii) during the Track Record Period and as of the Latest Practicable Date, we had never incurred any major disputes or lawsuits with employees regarding social security and housing provident fund matters, and we had not received any litigation documents related to labor disputes (especially those related to social security and housing provident fund contributions); and (ii) even if relevant labor disputes arise, they only involve economic compensation, the economic compensation amount does not have a significant financial impact on our Group's business operations. Our Directors believe that the implementation of the aforementioned judicial interpretation would not have a material adverse effect on our business or financial results. Our PRC Legal Adviser is of the view that (i) no employee has brought a lawsuit or arbitration in respect of payment of social insurance and therefore no pending litigation or arbitration of us is applicable to the aforementioned judicial interpretations; and (ii) the implementation of the aforementioned judicial interpretation would not have a material adverse effect on our business operations.

We have made full provisions in respect of the outstanding amount of the social insurance fund and housing provident fund contributions. In 2024 and 2025, our shortfall of contribution to social insurance and housing provident funds amounted to US$524.0 thousand and US$506.0 thousand, respectively. Our Directors believe that the incident above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any employee complaint concerning their payment of social insurance and housing provident funds; (ii) we were not subject to any administrative penalties with respect to the payment of social insurance and housing provident funds (iii) our undertakings to make timely payments when required to avoid any relevant fines; (iv) the opinion of our PRC Legal Advisor; and (v) the relevant government policies outlined above.

We will take the following internal control measures to ensure compliance with the social insurance and housing provident fund contribution requirements under the relevant laws and regulations to the extent practicable: (i) strengthen the training of our personnel, including training on various compliance related topics for our employees; (ii) designate specific personnel to monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations and oversee the implementation of any necessary measures; (iii) regularly keep abreast of the latest developments in PRC laws and regulations relating to social insurance and housing provident funds; and (iv) consult external legal counsel for advice on relevant PRC laws and regulations.

We consider our relations with our employees to be good. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or labor disputes which had a material effect on our business.

## PROPERTIES

As of the Latest Practicable Date, we leased five properties in Shenzhen, Wuxi, and Tianjin in China, with a gross floor area of approximately 7,972.33 sq.m., and two properties in the U.S., with a gross floor area of approximately 10,400 sq. ft. We believe our current facilities are sufficient to meet our near-term needs, and we can obtain additional space on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration. The following table sets forth a summary of the properties leased by us of the Latest Practicable Date.

| No. | Type of Property | Location | Gross Floor Area | Lease Term |
|---|---|---|---|---|
| 1 | Premises | Shenzhen | 1,557.42 sq. m. | 2025.10-2026.10 |
| 2 | Premises | Shenzhen | 1,557.41 sq. m. | 2025.10-2026.10 |
| 3 | Premises | Wuxi | 1,506 sq. m. | 2023.01-2027.12 |
| 4 | Premises | Wuxi | 2,620 sq. m. | 2022.07-2027.06 |
| 5 | Premises | Tianjin | 731.5 sq. m. | 2026.01-2028.12 |
| 6 | Premises | U.S. | 4,000 sq. ft. | 2023.05-2026.05 |
| 7 | Premises | U.S. | 6,400 sq. ft. | 2024.08-2026.05 |

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for two lease agreements. For details of the risk associated with the unregistered lease agreements, please refer to "Risk Factors — Risks Relating to Doing Business in the Jurisdiction Where We Mainly Operate — Two lease agreements of our leased properties has not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines." According to our PRC Legal Advisor, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreement, and had not experienced any dispute arising out of, or in relation to, our leased properties.

## INSURANCE

Our principal insurance policies cover property and general liability. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and aligns with the industry norm. During the Track Record Period, we had not made, or been the subject of, any material insurance claims. For risks relating to our insurance coverage, please refer to "Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources."

## LICENSES, PERMITS AND APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, permits, and approvals from relevant authorities that are material to our operations, and such licenses, permits, and approvals all remain in full effect. For more details regarding the PRC and foreign laws and regulations to which we are subject, please refer to "Regulatory Overview." The table below sets forth the relevant details of the material licenses we hold for our operation as of the Latest Practicable Date.

| License/Permit | License/ Permit No. | Entity | Grant Date | Authority | Validity Period |
|---|---|---|---|---|---|
| Medical Device Production License (醫療器械生產許可證) | 20250068 | Anxuyuan Wuxi | April 2025 | Jiangsu MPA | April 11, 2025 to April 10, 2030 |
| Class I Medical Device Production Record Filing Certificate (第一類醫療器械生產備案憑證) | 20230018 | Anxuyuan Wuxi | August 2023 | Wuxi Municipal Bureau of Administrative Examination and Approval | Long term |
| Medical Device Registration Certification (醫療器械註冊證) | 20252220593 | Anxuyuan Wuxi | April 2025 | Jiangsu MPA | April 7, 2025 to April 6, 2030 |
| Class I IVD Reagent Record Filing (第一類體外診斷試劑備案信息表) | 20230086, 20230087, 20230088 | Anxuyuan Wuxi | July 2023 | Wuxi Municipal Bureau of Administrative Examination and Approval | Long term |
| Class I Medical Device Record Filing Certificate (第一類醫療器械備案憑證) | 20190490 | Anxuyuan Shenzhen | July 2019 | Shenzhen Municipal Food and Drug Administration | Long term |
| Class II Medical Device Distribution Record Filing Certificate (第二類醫療器械經營備案憑證) | 20230580 | Anxuyuan Medical Technology | March 2025 | Wuxi Municipal Bureau of Date Administration | Long term |
| Medical Device Distribution License (醫療器械經營許可證) | 20250043 | Anxuyuan Medical Technology | March 2025 | Wuxi Municipal Bureau of Data Administration | March 11, 2025 to March 10, 2030 |

We intend to apply for renewal of the above key licenses prior to their respective expiry dates. The successful renewal of our existing licenses, permits, and approvals will be subject to our fulfillment of relevant requirements. Our Directors are not aware of any reason that would cause or lead to the non-renewal of the licenses, permits, and approvals. Our PRC Legal Advisor confirmed that as of the Latest Practicable Date, there was no material legal impediment for us to renew the licenses, permits, and approvals as long as we comply with the relevant legal requirements.

## IMPACT OF COVID-19

The COVID-19 pandemic did not have any material adverse impact on our operations or financial performance during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we were primarily engaged in internal research and development activities, and our key raw materials were largely under our own control and supply. As such, our business operations remained stable and uninterrupted. Our Directors are of the view that the COVID-19 pandemic did not materially affect our business, results of operations or financial condition during the Track Record Period and up to the Latest Practicable Date. To the best knowledge of the Company, we did not observe any significant intensification of market competition in our addressable markets as a result of the pandemic.

## IMPACT OF GEOPOLITICAL TENSIONS

On March 29, 2024, members of the U.S. House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party submitted a letter to the U.S. Department of Defense proposing the inclusion of certain biotechnology companies, including our Company, in the "List of Entities Identified as Chinese Military Companies" under Section 1260H of the National Defense Authorization Act for Fiscal Year 2021 (the "1260H CMC List"). Following this proposal, we promptly conducted an internal assessment and engaged in communications with the U.S. Department of Defense. As a result of these communications, the Department confirmed in May 2024 that we were not included in the published list. Furthermore, the subsequent list released on January 7, 2025, also did not include our Company. For details, see "Risk Factors — Risks Relating To Extensive Government Regulations — All material aspects of the research, development and commercialization of our products are heavily regulated. Any failure to comply with relevant laws and regulations may adversely affect our business, financial condition, results of operations and prospects." As of the Latest Practicable Date, we have not been included in the 1260H CMC List and have not engaged in further consultations with the U.S. Department of Defense. Based on the foregoing, our Directors are of the view that the proposal has not had, and is not expected to have, any material adverse impact on our business operations, financial condition, or prospects. Based on the independent due diligence work conducted by the Joint Sponsors, nothing has come the attention of the Joint Sponsors that would cause doubt on the reasonbleness of the Directors' view above.

As of the Latest Practicable Date, the U.S. government has imposed cumulative tariffs on imports from China of up to 245%, while China has imposed retaliatory tariffs of up to 125% on imports from the United States. Such measures and other potential trade restrictions or sanctions may result in delays or disruptions to our customers', suppliers', and research partners' ability to acquire or use technologies, systems, products, or materials critical to their operations, and could adversely affect the global regulatory and political environment. For risks relating to international trade and geopolitical tensions, please refer to the section headed "Risk Factors — Risks Relating to Our Operations — Changes in U.S. and international trade policies, particularly with regard to China, may cause disruptions to our clinical development, manufacturing processes and other aspects of our business and operations."

Our commercialization efforts in the United States remain at an early stage and are not yet significant. We expect to sell products originating from China to the U.S. market as part of our global distribution strategy. Recent rounds of U.S.-China tariff negotiations have led to a substantial reduction in reciprocal tariffs. According to CIC, advanced medical devices generally exhibit low sensitivity to tariff fluctuations in downstream demand, which is consistent with the market observations.

On May 10, 2024, members of the U.S. House of Representatives introduced proposed legislation, namely the BIOSECURE Act (the "**BIOSECURE Act**"). The BIOSECURE Act was subsequently included in the National Defense Authorization Act for Fiscal Year 2026 (the "**NDAA**"), and on December 18, 2025, the NDAA containing the BIOSECURE Act was enacted into law in the U.S, which relates to U.S. federal government procurement and funding involving certain biotechnology equipment and services. See "Risk Factors — Risks Relating To Extensive Government Regulations — If we are not able to obtain, complete or maintain, or experience delays in obtaining, completing or maintaining, required regulatory approvals, permits, registrations or filings, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired" for details. Based on the enacted form of the BIOSECURE Act and taking into account that our commercialization efforts in the United States remain at an early stage and are not yet significant, our Directors are of the view that, as of the Latest Practicable Date, the BIOSECURE Act has not had any material adverse impact on our business operations, financial condition or prospects.

To mitigate potential geopolitical risks, we have implemented a number of structural and operational measures. The Company has structured its organization and defined its intellectual property (IP) ownership to support a global operations model centered on localized research and development capabilities and localized manufacturing of key components. This approach enables parallel production capabilities in our two major markets, China and the United States, providing enhanced operational flexibility as needed. In addition, we have diversified our supply chain to reduce reliance on any single jurisdiction or supplier. We also maintain full ownership of all material intellectual property related to our product design and manufacturing processes, and do not rely on restrictive licensing arrangements. This enables us to retain control over our proprietary technologies and adapt flexibly to evolving regulatory environments.

In addition, there have been reports of delays in drug approval and evaluation processes due to deadlocks, manpower shortages and organisational changes observed in certain public institutions in the United States, including the FDA, CDC and the NIH. We currently plan to pursue the FDA registration process for our products under the 510(k) pathway and have identified and held preliminary discussions with potential CROs for this purpose. As of the Latest Practicable Date, we have not yet commenced substantive regulatory review procedures or clinical trials in the United States.

Based on the current status of our U.S. development plan and timetable, and having taken into account the nature and scope of our planned activities in the United States, our Directors are of the view that such reported regulatory or administrative circumstances have not had any material adverse impact on our business operations, financial condition or prospects as of the Latest Practicable Date.

We have not made any material adjustments to our allocation of resources, including technologies, manpower, sales and marketing efforts, production facilities, or R&D centers, in response to geopolitical developments. Our existing infrastructure supports flexible deployment across jurisdictions, and we continue to monitor global developments to ensure strategic agility.

Taking into account the factors above, our Directors are of the view that there has been no material direct or indirect impact of trade restrictions or tariffs on our operations, commercialization plans, or relationships with customers, suppliers, or government authorities as of the Latest Practicable Date, and nothing has come to the attention of the Joint Sponsors that would cause them to disagree with the Directors' view above.

## HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We acknowledge our environment protection and social responsibilities and are aware of the environmental, energy, climate-related and workplace safety issues that may impact our Group's business operations. Our Board has overall responsibility for (i) overseeing and determining our Group's environmental, social, and climate-related risks and opportunities that impact our Group, (ii) establishing ESG related targets of our Group, (iii) adopting the ESG related policies, and (iv) reviewing our Group's performance in ESG matters. We have implemented company-wide environmental, health and safety ("**EHS**") policies and standard operating procedures in relation to work safety, environmental protection, fire safety, emergency response and occupational health. During the Track Record Period and up to the Latest Practicable Date, other than costs incurred for treating hazardous waste, we did not incur a material cost of compliance with relevant environmental protection laws and regulations. We are committed to complying with environmental, social and governance ("**ESG**") reporting requirements upon [**REDACTED**].

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations in all material respects and had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality, and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the same period.

**Environmental Protection**

We strive to operate our facilities in a manner that protects the environment. We do not operate in a highly polluting industry, but the R&D and manufacturing process of our instruments, test kits and product candidates for clinical trials and research involves the use of hazardous chemicals, flammable and toxic materials, and may exhaust gas and generate liquid waste, solid waste, and other hazardous waste. In 2024 and 2025, we incurred costs for treating hazardous waste of RMB92.8 thousand and RMB80.3 thousand, respectively. To ensure compliance with national, industrial, and local environmental standards, laws, regulations, and policies, we have implemented internal policies for environmental risk prevention. These policies include stringent guidelines of procedures for operating in our laboratory and manufacturing facilities in relation to environmental protection.

Our main environmental treatment procedures are as follows: (i) liquid waste management: Liquid waste, generated from processes such as equipment cleaning and laboratory operations, is systematically collected and stored at our internal facilities. This waste is then periodically transferred to a certified third-party company specializing in professional treatment and disposal, ensuring full compliance with all environmental regulations. (ii) solid waste and other hazardous waste treatment: General solid waste is collected and disposed of by sanitation services. Hazardous waste is collected and entrusted to qualified third-party units for disposal. (iii) air pollution treatment: Air emissions from our laboratory and manufacturing facilities undergo treatment, such as activated carbon adsorption, before being discharged.

***Resource Consumption and Emissions***

We conduct environmental impact assessments to monitor emission levels. We use a range of metrics to evaluate the impact of environmental risks. The following table sets forth, in a tabular format, our actual energy consumption, emissions, and wastes (and their intensity) produced during the Track Record Period in China.

| | For the year ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| **Energy consumption** | | |
| Electricity *(MWh)* | | |
| – Total amount | 1,019 | 936 |
| – Intensity* *(MWh/US$ million)* | 89.3 | 105.2 |
| Water *(tons)* | | |
| – Total amount | 2,563 | 2,466 |
| – Intensity* *(tons/US$ million)* | 224.8 | 277 |
| **Waste** | | |
| Liquid waste *(tons)* | | |
| – Total amount | 13.9 | 14.1 |
| – Intensity* *(tons/US$ million)* | 1.2 | 1.6 |
| Solid waste *(tons)* | | |
| – Total amount | 5.3 | 3.9 |
| – Intensity* *(tons/US$ million)* | 0.5 | 0.4 |

*Note:*

* Calculated as the total amount of resource consumption or emission divided by the R&D expense of the respective year.

Our liquid waste we produced in China from 2024 to 2025 remained relatively stable. The decreases in the total amounts of electricity consumption, water consumption, and solid waste from 2024 and 2025 were a direct result of our enhanced resource management efforts and water conservation initiatives implemented during the year.

In 2024 and 2025, our quantified emissions from energy consumption in China were 567.1 and 521.4 tonnes of $CO_2$, respectively. These figures were calculated based on our total electricity usage multiplied by China's national average grid emission factor, sourced from the National Greenhouse Gas Emission Factor Database. During the same periods, our quantified transportation emissions were 128.3 tonnes of $CO_2$ in 2024 and 113.0 tonnes of $CO_2$ in 2025. This category includes employee commuting, with emissions estimated based on an internal employee survey of travel modes and distances, and business travel, with emissions calculated using corporate travel records. The emission factors for both commuting and business travel were primarily sourced from the China Products LCI (Life Cycle Inventory) Greenhouse Gas Emission Factor Database. The decrease in our $CO_2$ emissions from energy consumption and transportation emissions in China from 2024 to 2025 was primarily a result of a decrease in the number of our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not received any fines or penalties associated with the breach of any environmental laws or regulations. To the best knowledge and belief of our Directors, we are not subject to material environmental liability risk and will not incur material compliance costs in the future.

***ESG Goals, Targets and Policies***

*Goals and Targets*

The Board will set targets for material key performance indicators ("**KPIs**") in accordance with the disclosure requirements under Appendix C2 to the Listing Rules. When setting the targets for environment-related KPIs, we will take into account our consumption and emission levels during the Track Record Period and consider our future business expansion in a comprehensive and prudent manner, with a view to striking a balance between business growth and environmental protection to achieve sustainable development.

Specifically, we have set the following preliminary goal: to actively work towards reducing our electricity and water consumption per employee over the coming years, using current consumption levels as a reference point. This goal reflects our commitment to balancing the expansion of our R&D and manufacturing activities with our environmental responsibilities over the next three years. We believe this target is achievable through measures such as upgrading to more energy-efficient equipment, optimizing operational processes to reduce water usage, and enhancing employee awareness. The financial impact of achieving this target is expected to be minimal at the beginning of the timeframe, with potential cost savings from reduced utility expenses becoming more apparent in the interim and at the end of the targeted timeframe. The operational impact will involve implementing stricter monitoring and control procedures for resource consumption.

*Policies*

To achieve our goals, we have implemented and will continue to enhance the following environmentally friendly measures: (i) promoting environmental awareness among all staff by encouraging them to conserve water and electricity resources, such as placing water-saving and power-saving signs in prominent areas; (ii) encouraging our employees to avoid printing hard copies and requiring double-sided printing whenever possible; (iii) conducting regular inspections of our laboratory and manufacturing equipment to identify and address inefficiencies promptly; and (iv) promoting recycling schemes and seeking environmentally friendly ways of disposing of and reducing waste.

**Workplace Safety**

We are dedicated to ensuring a safe working environment for our employees. We firmly believe that a safe and healthy workplace is not only crucial for the well-being of our employees but also indispensable for the sustainability of our business. We have implemented and upheld a comprehensive set of rules, standard operating procedures, and measures to ensure the health and safety of our employees. Our safety guidelines cover a range of areas

including identifying potential hazards, safe practices, accident prevention, and procedures for reporting accidents. We ensure that our employees continually acknowledge their understanding of safety protocols as needed. Specifically, we have (i) established guidelines governing manufacturing and research procedures, (ii) provided regular safety awareness training to our employees, (iii) established systems for occupational disease prevention, (iv) fully inform our employees of the occupational disease factors they may be exposed, (v) maintain health records for all employees and conduct health examinations, (vi) conducted regular fire safety inspections, ensure the maintenance of firefighting equipment, and organize routine emergency drills to prepare employees for emergency situations, and (vii) established effective rescue and response mechanism.

### Workplace Diversity

In respect of social responsibilities, we are committed to offering a fair and caring working environment to our employees. We hire employees based on their merits. We offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics, and provide training programs to keep our employees abreast of industry and regulatory developments. We have not had any significant workplace accidents since our inception.

### Climate Change

We believe that we are not susceptible to climate change. Moreover, we consider that potential changes to the regulations in the PRC regarding climate change will not adversely impact our business operations. We will continue to pay attention to risks regarding climate change and formulate emergency plans to safeguard us from climate change and extreme weather conditions, such as hurricane and rainstorms. As of the Latest Practicable Date, we had not experienced any material impact on our business operations or financial performance as a result of climate change or extreme weather conditions.

## LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may be subject to legal proceedings, investigations, and claims arising from the ordinary course of our business from time to time, and we may also initiate legal proceedings in order to protect our intellectual property and other rights. Our Directors confirmed that, as of the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings which would have a material and adverse impact on our business, financial condition or results of operations, and our Directors were not aware of any potential or threatened legal, arbitral or administrative proceedings to which we will be named as a party. Our Directors further confirm that none of our Directors or senior management personnel was personally involved in any of these legal, arbitral, or administrative proceedings.

Our PRC Legal Advisor confirmed that during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Our Directors confirmed that we were not involved in any material or systematic non-compliance incidents.

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

We recognize that risk management is critical to the success of our business. For a discussion of various operational risks and uncertainties we face, please refer to "Risk Factors." We are also exposed to various market risks, particularly the foreign currency risk, interest rate risk, credit risk and liquidity risk that arise in the normal course of our business. Please refer to "Financial Information — Financial Risk Disclosure" for a discussion of the market risks.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. The Board is responsible for the oversight of the risk management system and the management is responsible for the design, implementation and monitoring of the system. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

To monitor the ongoing implementation of risk management policies and corporate governance measures after the [**REDACTED**], we have adopted or will continue to adopt, among other things, the following risk management measures.

- Our Audit Committee oversees the overall risks associated with our business operations, including: (i) reviewing policies with respect to accounting and risk management; (ii) discussing with management major issues regarding adequacy and effectiveness of procedures and internal controls over financial reporting; (iii) monitoring our compliance with respect to the legal and regulatory policies; and (iv) reporting regularly to our Board.

- Our management is responsible for: (i) formulating and updating our compliance management policy and objectives; (ii) implementing policies with respect to risk management; (iii) providing guidance regarding compliance with regulations and policies; (iv) identifying and evaluating major risk management issues; (v) supervising and inspecting operating activities of subsidiaries and departments to ensure compliance; (vi) organizing and providing compliance trainings; (vii) providing guidance on our risk management approach to the relevant departments; (viii) reviewing and handling the reporting of wrongdoing; and (ix) reporting to our risk management leader on our material risks.

- The relevant departments in our Company are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments shall: (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their achievement of objectives; (iii) prepare a risk management report annually; (iv) monitor the key risks relating to their operation or function; (v) develop and implement the risk mitigation plans for the key risks identified; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

**Internal Control**

Our Board of Directors is responsible for ensuring that the Group establishes and maintains an appropriate and effective internal control system so that reasonable assurance can be provided regarding the Group's achievement of objectives relating to operations, reporting and compliance, especially the safeguarding of our Shareholders' investment at all times. Our internal control policies set out the key control measures of various business processes in order to assist the management in communicating the intended practices of these processes and the staff in adopting consistent practices.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding our business operations, and we provide training about these measures and procedures to new employees. We also constantly monitor the implementation of these measures and procedures.

- We maintain strict anti-bribery and anti-corruption policies. Such policies explicitly require that all employees comply with any applicable anti-corruption laws, regulations and policies and that all employees are prohibited from making illegal or improper payments to any government official, including hospital staff, either on their own or via third parties. Additionally, our employees are not allowed to offer or give gifts, hospitality or anything of value that are not an appropriate type or beyond the value limit set forth in the policy. We closely monitor to ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements. Under our firm-wide whistle-blowing policy, we make our internal reporting channel open and available for our employees to report, on an anonymous basis, any noncompliance incidents and acts, including bribery and corruption.

- With respect to the data and privacy protection, the original medical documents relating to test samples in clinical trials are kept by the clinical trial institutions. To improve the privacy protection and data security from our end, the clinical data is de-identified by the clinical trial institutions, ensuring that it does not contain any privacy information of the trial participants. We do not collect participants' personal data, nor are we responsible for clinical data management.

- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our Compliance Advisor, will also periodically review our compliance status with all relevant laws and regulations after the [**REDACTED**].

- We have established an Audit Committee, which is to (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting, as well as oversee internal control procedures of our Group.

Our Directors believe that such controls and measures are sufficient and adequate to avoid the occurrence of corruption, bribery, or other improper conduct of our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any government investigation or litigation with respect to claims or allegations of monetary and non-monetary bribery activities, and to the best knowledge of our Directors, none of our employees were involved in any bribery or kickback arrangements.

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in "Risk Factors."*

## OVERVIEW

We are a biotechnology company focused on and pioneering in the development and commercialization of molecular diagnostic instruments and biochips. We had not generated revenue from commercial sales of our products and product candidates and were loss-making during the Track Record Period. In 2024 and 2025, we incurred net losses of US$23.5 million and US$22.3 million, respectively. Substantially all of our net losses resulted from research and development expenses and administrative expenses. Our adjusted loss (non-HKFRS measure) for the year was US$14.7 million and US$12.7 million in 2024 and 2025, respectively. For more information related to our adjusted loss (non-HKFRS measure), see "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Non-HKFRS Measure."

We expect to incur increasing expenses and operating losses in the foreseeable future as we advance our research and development efforts, explore the clinical potentials, and strengthen the manufacturing and commercialization of our products and product candidates. Subsequent to the [**REDACTED**], we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status, regulatory approval and commercialization of our pipeline products.

## BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). We present our historical financial information in U.S. dollars ("US$").

## KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

### Development of the Global and China's Non-Sequencing Molecule Testing and Gene Sequencing Industry

Our business expansion and results of operations have been, and will continue to be, affected by the development of the non-sequencing molecular testing and gene sequencing markets in China and globally. These markets are constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position.

The global and China's non-sequencing molecular testing industry has witnessed rapid growth in recent years and continues to demonstrate strong growth potential. According to CIC, the global non-sequencing molecular testing market reached US$9.8 billion in 2024, and is projected to grow to US$22.5 billion in 2033, representing a CAGR of 9.7% during the period. Additionally, China's non-sequencing molecular testing market reached US$1.8 billion in 2024, and is projected to grow to US$4.6 billion in 2033, representing a CAGR of 10.8% during the period. Similarly, the gene sequencing sector in both the global and Chinese markets have also experienced rapid expansion and presents significant growth potential. According to CIC, the global high-throughput gene sequencing market reached US$7.1 billion in 2024, and is projected to grow to US$21.9 billion in 2033, representing a CAGR of 13.2% during the period. Additionally, China's high-throughput gene sequencing market reached US$1.3 billion in 2024 and is projected to grow to US$5.3 billion in 2033, representing a CAGR of 17.4% during the period. The robust growth of these two markets is driven by a multitude of favorable factors and market trends including, without limitation, expansion of market demand, local innovation and technological breakthroughs, and favorable policy support. See "Industry Overview" for more details.

Our success depends on our ability to accurately identify and anticipate these trends, as well as to adapt our business to the evolving market environment. We believe that we are well-positioned to benefit from the general market growth and boast the competitive strengths, resources and expertise to capitalize on the evolving market dynamics. However, the continued growth of the non-sequencing molecular testing and gene sequencing markets and our ability to benefit from market growth are subject to a number of risks and uncertainties. See "Risk Factors — Risks Relating to Doing Business in the Jurisdiction Where We Mainly Operate" for details.

**Our Ability to Successfully Develop and Commercialize Our Products and Product Candidates**

Our business and results of operations depend on our ability to successfully develop product candidates, demonstrate favorable safety and efficacy clinical trial results, obtain the requisite regulatory approvals, secure adequate manufacturing capacity, and commercialize our products in targeted markets as planned. Leveraging our extensive expertise in molecular diagnostics and gene sequencing, we have cultivated a comprehensive pipeline spanning one microarray analyzer, two gene sequencers, as well as compatible test kits, as of the Latest Practicable Date. Particularly, our Core Product, AxiLona EL-100, was admitted into the Special Registration Procedures for Innovative Class II Medical Devices (commonly known as Green Path) by the Jiangsu MPA in June 2024 and subsequently obtained the Class II medical device registration certificate from the same authority in April 2025. We also received the EU CE marking for AxiLona EL-100 in July 2023. In addition, we have launched AxiLona AXP-100, the world's first EL-NGS gene sequencer as our Key Product, for research use in 2023 and realized end-user installation in 2024. See "Business — Our Product and Service Portfolio" for more information on the development status of our products and product candidates.

The time required to obtain approvals from the NMPA, FDA, or other comparable regulatory authorities is unpredictable, but it typically takes several years following the commencement of product design. Any delays in the regulatory approvals for any of our product candidates in major markets will correspondingly delay our ability to generate revenue from those product candidates in those markets and adversely affect our results of operations.

Following the commercialization of our Core Product AxiLona EL-100 and other product candidates, our business and results of operations will be driven by the market acceptance, sales of our products, as well as our manufacturing capabilities to meet growing demands. The successful commercialization may also require significant marketing efforts and inputs before we are able to generate any revenue from product sales. As of the Latest Practicable Date, we had built up a competent in-house sales and marketing team consisting of nine members who are mainly located in China to support our commercialization efforts. To expand our commercial footprint both within our domestic market and overseas market in

the future and penetrate the in-hospital market in anticipation of our products' expanded clinical applications, we have started to engage distributors for the sales of our instruments and test kits. Despite our adaptive commercialization strategy, if we fail to achieve the degree of market acceptance, we may not be able to generate revenue as expected. See "Risk Factors — Risks Relating to the Commercialization of Our Product Candidates" for more details.

**Our Cost Structure**

Our results of operations are significantly affected by our cost structure, which primarily includes research and development expenses and administrative expenses.

Research and development expenses have been, and are expected to continue to be, a major component in our cost structure. We have invested a significant portion of our efforts and financial resources in the development of our products and product candidates. During the Track Record Period, our research and development expenses primarily consisted of staff cost, depreciation and amortization expenses, cost of raw materials, contract service fees, and share-based payments. See "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses" for details. In 2024 and 2025, our research and development expenses amounted to US$11.4 million and US$8.9 million, respectively.

During the Track Record Period, our administrative expenses primarily consisted of staff cost, professional service fees, depreciation and amortization expenses, and general office expenses. See "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Administrative Expenses" for details. In 2024 and 2025, our administrative expenses amounted to US$6.5 million and US$5.7 million, respectively.

We expect our cost structure to evolve as we continue to develop and expand our business. As we continue to advance the research and development for our pipeline products and bring them to commercialization, we expect to incur additional costs in relation to research and development, manufacturing, regulatory affairs, and sales and marketing efforts, among other things. Additionally, we anticipate increasing legal, compliance, accounting, insurance, and investor and public relations expenses associated with being a [**REDACTED**] company in Hong Kong.

**Funding for Our Operations**

During the Track Record Period, we funded our operations primarily through equity and debt financings. We expect to fund our future operations primarily with existing cash and cash equivalents, bank loans, revenue derived from sales of our successfully commercialized products, and [**REDACTED**] from the [**REDACTED**]. However, with the continuing expansion of our business and product pipeline, we may require further funding through public or private offerings, debt financing, or other sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

## MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. Our material accounting policies and significant accounting judgements and estimates include, among others, revenue recognition, foreign currencies, property and equipment, impairment on property and equipment, right-of-use assets and intangible assets other than goodwill, financial liabilities, share-based payments, fair value measurement of financial instruments. For more information, see Notes 3 and 4 to the Accountants' Report set out in Appendix I to this document.

## DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

| | For the Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| **Revenue** | **479** | **1,210** |
| Cost of sales | (175) | (374) |
| **Gross profit** | **304** | **836** |
| Other income | 2,063 | 1,007 |
| Other gains and losses | (7,805) | (6,841) |
| Research and development expenses | (11,412) | (8,925) |
| Administrative expenses | (6,526) | (5,687) |
| Impairment losses recognised under expected credit loss model, net | – | (106) |
| [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Finance costs | (90) | (115) |
| **Loss before tax** | **(23,466)** | **(22,272)** |
| Income tax expense | – | – |
| **Loss for the year** | **(23,466)** | **(22,272)** |
| Other comprehensive (expense) income (item that may be reclassified subsequently to profit or loss) | | |
| Exchange differences arising on translation of foreign operations | (187) | 92 |
| **Total comprehensive expense for the year** | **(23,653)** | **(22,180)** |

### Non-HKFRS Measure

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with HKFRS Accounting Standards, we also use adjusted loss as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. We believe that the presentation of the non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful information to management and investors in facilitating a comparison of our operating performance from year to year.

We define adjusted loss (non-HKFRS measure) as loss for the year adjusted by adding back (i) loss from changes in fair value of financial liabilities at FVTPL, (ii) [**REDACTED**], and (iii) share-based payments. Loss from changes in fair value of financial liabilities at FVTPL represents the fair value changes of the Series A-1 Preferred Shares and Series B Preferred Shares held by our Pre-[**REDACTED**] Investors, which is non-cash in nature. Upon completion of the [**REDACTED**], the Series A-1 Preferred Shares and Series B Preferred Shares will be converted into ordinary shares of our Company. [**REDACTED**] are the expenses

arising from activities in relation to the proposed [**REDACTED**] and [**REDACTED**]. Share-based payments represent expenses arising from our grant of share options to eligible individuals, which are also non-cash in nature. The use of the non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial condition as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table reconciles our adjusted loss (non-HKFRS measure) for the year presented in accordance with HKFRS Accounting Standards, which is loss for the year:

| | For the Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| **Loss for the year** | **(23,466)** | **(22,272)** |
| *Add:* | | |
| Loss from changes in fair value of financial liabilities at FVTPL | 7,610 | 6,850 |
| [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Share-based payments | 1,198 | 318 |
| **Adjusted loss (non-HKFRS measure) for the year** | **(14,658)** | **(12,663)** |

**Revenue**

During the Track Record Period, our revenue was derived primarily from sales of our Core Product AxiLona EL-100, Key Product AxiLona AXP-100 for research use, and to a lesser extent, from provision of molecular diagnostics solutions to third-party customers. We recorded revenue of US$479 thousand and US$1,210 thousand in 2024 and 2025, respectively. Our revenue attributable to the sales of AxiLona EL-100 and AxiLona AXP-100 was US$308 thousand and US$956 thousand, respectively, during the same periods.

**Cost of Sales**

During the Track Record Period, our cost of sales primarily arose from our sales of AxiLona EL-100 and AxiLona AXP-100 and provision of molecular diagnostics solutions, including cost of raw materials, staff costs, and certain depreciation and amortization expenses related thereto. In 2024 and 2025, our cost of sales was US$175 thousand and US$374 thousand, respectively.

**Gross Profit and Gross Profit Margin**

Our gross profit amounted to US$304 thousand and US$836 thousand in 2024 and 2025, and our gross profit margin was 63.5% and 69.1% for the same periods. In 2024 and 2025, our gross profit attributable to the sales of AxiLona EL-100 and AxiLona AXP-100 was US$263 thousand and US$793 thousand, respectively, and our gross profit margin attributable to the same was 85.4% and 82.9%, respectively.

**Other Income**

During the Track Record Period, our other income primarily consisted of government grants and bank interest income. Government grants refer to a variety of subsidies granted by the PRC local government authorities in support of our research and development activities and business operations, which had no conditions or contingencies attached or were recognized upon compliance with the attached conditions. Bank interest income represents interest on our bank deposits. The following table summarizes a breakdown of our other income in absolute amounts and as percentages of the total other income for the years indicated:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2025 | |
| | *US$* | *%* | *US$* | *%* |
| | *(in thousands, except for percentages)* | | | |
| Bank interest income | 1,548 | 75.0 | 793 | 78.7 |
| Government grants | 513 | 24.9 | 205 | 20.4 |
| Others | 2 | 0.1 | 9 | 0.9 |
| **Total** | **2,063** | **100.0** | **1,007** | **100.0** |

**Other Gains and Losses**

During the Track Record Period, our other gains and losses consisted of (i) loss from changes in fair value of financial liabilities at FVTPL, resulting from the changes in fair value of the Series A-1 Preferred Shares and Series B Preferred Shares, (ii) net foreign exchange gain or loss, and (iii) others, mainly including loss from early termination of a lease and certain donations to research institutes. The following table summarizes a breakdown of our other gains and losses in absolute amounts and as percentages of the total other gains and losses for the periods indicated:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2025 | |
| | *US$* | *%* | *US$* | *%* |
| | *(in thousands, except for percentages)* | | | |
| Loss from changes in fair value of financial liabilities at FVTPL | (7,610) | 97.5 | (6,850) | 100.1 |
| Net foreign exchange gain (loss) | 2 | (0.0) | (2) | 0.0 |
| Others | (197) | 2.5 | 11 | (0.1) |
| **Total** | **(7,805)** | **100.0** | **2,990** | **100.0** |

**Research and Development Expenses**

During the Track Record Period, our research and development expenses consisted of (i) staff costs, mainly including wages, bonus, and other welfare benefits for our research and development personnel, (ii) depreciation and amortization expenses for property and equipment, right-of-use assets, and intangible assets used for research and development purpose, (iii) cost of raw materials consumed in the course of our research and development activities, (iv) contract service fees, mainly incurred in connection with our engagement of CROs, clinical trial sites, and other service providers, (v) share-based payments arising from our grant of share options to eligible research and development personnel, and (vi) others, such as utilities incurred for our research and development activities, regulatory registration

fees, and IP related expenses. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the years indicated:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2025 | |
| | *US$* | *%* | *US$* | *%* |
| | *(in thousands, except for percentages)* | | | |
| Staff costs | 6,583 | 57.7 | 5,177 | 58.0 |
| Depreciation and amortization expenses | 1,360 | 11.9 | 1,423 | 15.9 |
| Cost of raw materials | 1,000 | 8.8 | 933 | 10.5 |
| Contract service fees | 1,521 | 13.3 | 929 | 10.4 |
| Share-based payments | 392 | 3.4 | 97 | 1.1 |
| Others | 556 | 4.9 | 366 | 4.2 |
| **Total** | **11,412** | **100.0** | **8,925** | **100.0** |

Our research and development expenses attributable to our Core Product were US$3.7 million and US$2.8 million in 2024 and 2025, respectively, accounting for 20.8% and 19.5% of our total operating expenses in the same periods, respectively. Our research and development expenses attributable to our Core Product decreased by 23.7% from 2024 to 2025, mainly because we received the Class II medical device registration certificate for AxiLona EL-100 in April 2025 and wrapped up related R&D initiatives in the first half of 2025.

The following table sets forth a breakdown of our research and development expenses by category and by development stage of Core Product, in absolute amounts and as percentages of our total research and development expenses, for the years indicated:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2025 | |
| | *US$* | *%* | *US$* | *%* |
| | *(in thousands, except for percentages)* | | | |
| **Core Product** | | | | |
| AxiLona EL-100 | 3,730 | 32.7 | 2,847 | 31.9 |
| *Preclinical* | 3,138 | 27.5 | 2,806 | 31.4 |
| *Clinical* | 489 | 4.3 | 41 | 0.5 |
| *Registration stage* | 103 | 0.9 | – | – |
| **Other Products and Product Candidates** | | | | |
| AxiLona AXP-100 | 4,337 | 38.0 | 3,436 | 38.5 |
| AxiLona AXP-1000 | 685 | 6.0 | 518 | 5.8 |
| Test kit for X-linked monogenic disorder | 545 | 4.8 | 403 | 4.5 |
| Test kit for pathogenic microorganism | 639 | 5.6 | 480 | 5.4 |
| **Technology Platforms** | 1,476 | 12.9 | 1,241 | 13.9 |
| **Total** | **11,412** | **100.0** | **8,925** | **100.0** |

**Administrative Expenses**

During the Track Record Period, our administrative expenses consisted of (i) staff costs, mainly including wages, bonus, and other welfare benefits for our administrative and management personnel, (ii) professional service fees paid to legal advisors, auditors, and other consulting service providers, (iii) depreciation and amortization expenses for property and equipment and right-of-use assets used for administrative purpose, (iv) general office expenses, and (v) others, such as traveling and transportation expenses, business development expenses, and taxes and surcharges.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2025 | |
| | *US$* | *%* | *US$* | *%* |
| | *(in thousands, except for percentages)* | | | |
| Staff costs | 3,156 | 48.3 | 2,052 | 36.1 |
| Professional service fees | 1,545 | 23.7 | 1,928 | 33.9 |
| Depreciation and amortization expenses | 790 | 12.1 | 851 | 15.0 |
| General office expenses | 873 | 13.4 | 630 | 11.1 |
| Others | 162 | 2.5 | 226 | 4.0 |
| **Total** | **6,526** | **100.0** | **5,687** | **100.0** |

**Impairment Losses Recognized under Expected Credit Loss Model, Net**

We perform impairment assessment for financial assets under expected credit loss (ECL) model, including trade receivables, bank balances, other receivables and deposits, and amounts due from subsidiaries. In 2024 and 2025, we recorded impairment losses recognized under ECL model, net of nil and US$106 thousand, respectively, primarily attributable to the loss allowance on other receivables and deposits.

**Finance Costs**

During the Track Record Period, our finance costs consisted of (i) interest on bank borrowings, and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs in absolute amounts and as percentages of the total finance costs for the periods indicated:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2025 | |
| | *US$* | *%* | *US$* | *%* |
| | *(in thousands, except for percentages)* | | | |
| **Interest on:** | | | | |
| Bank borrowings | 1 | 1.1 | 58 | 50.4 |
| Lease liabilities | 89 | 98.9 | 57 | 49.6 |
| **Total** | **90** | **100.0** | **115** | **100.0** |

**Income Tax Expense**

Our income tax expense during the Track Record Period represented the tax currently payable. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate.

***Cayman Islands***

We were incorporated in the Cayman Islands and were exempted from income tax during the Track Record Period.

***U.S.***

Our U.S. subsidiary, Axbio US, is a taxable corporation for U.S. income tax purpose, which was subject to U.S. federal income tax and applicable state income tax during the Track Record Period. The U.S. federal statutory tax rate is 21% and state income tax rate varies by state and locality but is up to 8.84%.

***PRC***

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the "EIT Laws"), our PRC subsidiaries were subject to income tax at a rate of 25% on the taxable income during the Track Record Period. One of our PRC subsidiary was accredited as "high and new technology enterprises" under the relevant EIT laws and were accordingly entitled to a preferential income tax rate of 15% from 2022 through December 14, 2025. Such qualification was renewed for an additional three-year period since December 25, 2025.

***Hong Kong***

Our Hong Kong subsidiary was subject to Hong Kong Profits Tax at a rate of 16.5% calculated on the estimated assessable profit for the Track Record Period.

We did not record any income tax expense during the Track Record Period due to our loss before taxation. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions, and we are not aware of any outstanding or potential disputes with such tax authorities.

## YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

**Year Ended December 31, 2025 Compared to Year Ended December 31, 2024**

***Revenue***

Our revenue increased significantly from US$479 thousand in 2024 to US$1,210 thousand in 2025, mainly due to our increased sales of AxiLona EL-100 and AxiLona AXP-100 in 2025.

***Cost of Sales***

Our cost of sales increased significantly from US$175 thousand in 2024 to US$374 thousand in 2025, mainly due to increases in cost of raw materials, staff costs and certain depreciation and amortization expenses, which were related to our sales of AxiLona EL-100 and AxiLona AXP-100 in 2025.

***Gross Profit and Gross Profit Margin***

As a result of the cumulative effect of the factors described above, our gross profit increased from US$304 thousand in 2024 to US$836 thousand in 2025, and our gross profit margin changed from 63.5% to 69.1% for the same periods.

***Other Income***

Our other income decreased by 51.2% from US$2,063 thousand in 2024 to US$1,007 thousand in 2025, mainly due to (i) a decrease of US$755 thousand in bank interest income in line with our decreased average bank deposits for the same periods; and (ii) a decrease of US$308 thousand in government grants.

***Other Gains and Losses***

Our other losses decreased by 12.4% from US$7.8 million in 2024 to US$6.8 million in 2025, mainly due to a decrease of US$0.8 million in loss from changes in fair value of financial liabilities at FVTPL, which is attributable to the the volatility in securities market.

***Research and Development Expenses***

Our research and development expenses decreased by 21.8% from US$11.4 million in 2024 to US$8.9 million in 2025, mainly due to (i) a decrease of US$1.4 million in staff costs, primarily attributable to our reduced workforce, and (ii) a decrease of US$0.6 million in contract service fees primarily attributed to our Core Product AxiLona EL-100, as we had wrapped up related R&D initiatives for this product candidate in 2025, thereby incurring lower fees from CROs and other service providers.

***Administrative Expenses***

Our administrative expenses decreased by 12.9% from US$6.5 million in 2024 to US$5.7 million in 2025, mainly due to a decrease of US$1.1 million in staff costs, driven by management team streamlining, as well as reduced share-based payments incurred for eligible management personnel in 2025; partially offset by an increase of US$0.4 million in professional service fees incurred in connection with our commercialization initiatives and regulatory compliance.

***Impairment Losses Recognized under Expected Credit Loss Model, Net***

We recorded impairment losses recognized under ECL model, net of US$106 thousand in 2025, primarily attributable to the loss allowance on other receivables and deposits, as compared to nil in 2024.

[**REDACTED**]

We recorded [**REDACTED**] of US$[**REDACTED**] million in 2025 in relation to the proposed [**REDACTED**] and [**REDACTED**], as compared to nil in 2024.

***Finance Costs***

Our finance costs increased by 27.8% from US$90 thousand in 2024 to US$115 thousand in 2025, mainly due to an increase of US$56 thousand in interests on bank borrowings in line with our increased bank borrowings; partially offset by a decrease of US$32 thousand in interests on lease liabilities, which was consistent with the decline in our lease liabilities during the same periods.

***Loss for the Year***

As a result of the foregoing, our loss for the year decreased from US$23.5 million in 2024 to US$22.3 million in 2025.

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

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

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(US$ in thousands)* | |
| **ASSETS** | | |
| **Non-current assets** | | |
| Property and equipment | 3,533 | 2,364 |
| Right-of-use assets | 1,183 | 737 |
| Intangible assets | 527 | 502 |
| Other receivables, deposits and prepayments | 237 | 363 |
| **Total non-current assets** | **5,480** | **3,966** |
| **Current assets** | | |
| Inventories | 326 | 1,141 |
| Trade receivables | 347 | 207 |
| Other receivables, deposits and prepayments | 2,124 | 2,884 |
| Bank balances and cash | 36,910 | 24,554 |
| **Total current assets** | **39,707** | **28,786** |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 2,770 | 3,442 |
| Bank borrowings | 835 | 3,728 |
| Lease liabilities | 814 | 623 |
| Contract liabilities | 329 | 5 |
| Financial liabilities at FVTPL | 97,830 | 104,680 |
| Deferred income | 167 | 171 |
| **Total current liabilities** | **102,745** | **112,649** |
| **Net current liabilities** | **(63,038)** | **(83,863)** |
| **Total assets less current liabilities** | **(57,558)** | **(79,897)** |
| **Non-current liabilities** | | |
| Lease liabilities | 396 | 83 |
| Deferred income | 320 | 156 |
| **Total non-current liabilities** | **716** | **239** |
| **Net liabilities** | **(58,274)** | **(80,136)** |
| **Capital and deficit** | | |
| Share capital | 12 | 13 |
| Reserves | (58,286) | (80,149) |
| **Total deficit** | **(58,274)** | **(80,136)** |

**Property and Equipment**

During the Track Record Period, our property and equipment consisted of leasehold improvements, research and development equipment, office fixtures and equipment and manufacturing equipment. The following table sets forth a breakdown of our property and equipment as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(US$ in thousands)* | |
| **Property and equipment** | | |
| Leasehold improvements | 1,753 | 1,214 |
| Research and development equipment | 1,413 | 1,024 |
| Office fixtures and equipment | 179 | 73 |
| Manufacturing equipment | 188 | 53 |
| **Total** | **3,533** | **2,364** |

Our property and equipment decreased from US$3.5 million as of December 31, 2024 to US$2.4 million as of December 31, 2025, mainly due to (i) a decrease of US$539 thousand in the carrying amounts of our leasehold improvements, and (ii) a decrease of US$389 thousand in the carrying amounts of our research and development equipment, both primarily attributable to accumulated depreciation. Our property and equipment are depreciated on a three-year straight-line basis.

**Right-of-Use Assets**

During the Track Record Period, our right-of-use assets were primarily related to leased properties used as office premises and manufacturing facilities. Our right-of-use assets decreased from US$1.2 million as of December 31, 2024 to US$737 thousand as of December 31, 2025, mainly due to depreciation of our leased properties over the lease term. During the Track Record Period and at the end of each reporting periods, no indications of the impairment for right-of-use assets were identified.

**Intangible Assets**

During the Track Record Period, our intangible assets primarily represented patents. Our intangible assets remained relatively stable at US$527 thousand and US$502 thousand as of December 31, 2024 and 2025, respectively. During the Track Record Period and at the end of each reporting periods, no indications of the impairment for intangible assets were identified.

We assess whether there are any indicators of impairment for all non-financial assets (including property and equipment, right-of-use assets and intangible assets) at the end of each period comprising the Track Record Period by reviewing the internal and external sources of information. As of December 31, 2024 and 2025, no indicators of the impairment for our non-financial assets were identified, given that (i) the value of our non-financial assets did not significantly decline during the Track Record Period, (ii) our non-financial assets were neither obsolete nor physically damaged, and (iii) none of the indicators set out in paragraph 13 of Hong Kong Accounting Standard 36 "Impairment of Assets" were observed or identified by the Reporting Accountant.

**Inventories**

During the Track Record Period, our inventories consisted of raw materials and consumables, as well as finished goods. Our inventories increased from US$326 thousand as of December 31, 2024 to US$1,141 thousand as of December 31, 2025, mainly due to an increase of US$755 thousand in finished goods, driven by the production ramp-up following the commercialization of AxiLona EL-100 in 2025.

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

| | As of December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| **Inventories:** | | |
| Raw materials and consumables | 149 | 199 |
| Finished goods | 205 | 960 |
| | 354 | 1,159 |
| Less: Allowance for inventories | (28) | (18) |
| **Total** | **326** | **1,141** |

As of March 31, 2026, US$502.7 thousand, or 44.1%, of our inventories as of December 31, 2025 had been subsequently consumed.

**Trade Receivables**

During the Track Record Period, our trade receivables arose from our sales of AxiLona AXP-100 for research use. We recorded trade receivables of US$347 thousand and US$207 thousand as of December 31, 2024 and 2025, respectively. The ageing of all trade receivables as of December 31, 2024 and 2025, based on the date of revenue recognition, was less than 90 days.

As of March 31, 2026, US$146.4 thousand, or 70.7%, of our trade receivables as of December 31, 2025 had been subsequently settled.

**Other Receivables, Deposits and Prepayments**

During the Track Record Period, our receivables, deposits and prepayments consisted of (i) tax recoverable, mainly consisting of VAT input tax credits and prepaid corporate income tax, (ii) prepayments for research and development service, mainly representing prepaid contract service fees and material procurement costs, (iii) other prepayments, representing prepaid professional service fees, property management fees and other miscellaneous expenses, (iv) deferred issue costs, (v) rental deposits, and (vi) others, mainly including interest receivables on bank deposits and amounts withheld and paid on behalf of employees for social insurance and housing provident fund contributions.

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

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(US$ in thousands)* | |
| **Other receivables, deposits and prepayments:** | | |
| Tax recoverable | 1,234 | 1,479 |
| Prepayments for research and development service | 458 | 482 |
| Other prepayments | 110 | 337 |
| Deferred issue costs | – | 328 |
| Rental deposits | 277 | 260 |
| Others | 282 | 361 |
| **Total** | **2,361** | **3,247** |

Our other receivables, deposits and prepayments increased from US$2.4 million as of December 31, 2024 to US$3.2 million as of June 30, 2025, mainly due to (i) an increase of US$328 thousand in deferred issue costs; (ii) an increase of US$245 thousand in tax recoverable, resulting from the accumulation of input VAT credits; and (iii) an increase of US$227 thousand in other prepayments for procurement of equipment.

As of March 31, 2026, US$377.3 thousand, or 11.6%, of our other receivables, deposits and prepayments as of December 31, 2025 had been subsequently settled.

**Bank Balances and Cash**

During the Track Record Period, our bank balances and cash consisted of demand deposits and short-term deposits with original maturity of three months or less for the purpose of meeting our short-term cash commitments. Our bank balances and cash decreased from US$36.9 million as of December 31, 2024 to US$24.6 million as of December 31, 2025, mainly attributable to the cash outflows associated with our continued investments in research and development activities and daily operations.

**Trade and Other Payables**

During the Track Record Period, our trade and other payables consisted of (i) payroll payables, (ii) trade payables, mainly including payables for purchase of raw materials, (iii) accrued [**REDACTED**], (iv) accrued issue costs, which were attributable to the issue of Shares and will be deducted from equity upon [**REDACTED**], and (v) other payables, mainly including accrued professional service fees payable to legal advisors, auditors, and other consulting service providers. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| **Trade and other payables** | | |
| Payroll payables | 2,175 | 1,837 |
| Trade payables | 14 | 494 |
| Accrued [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Accrued issue costs | – | 61 |
| Other payables | 581 | 691 |
| **Total** | **2,770** | **3,442** |

Our trade and other payables increased from US$2.8 million as of December 31, 2024 to US$3.4 million as of December 31, 2025, mainly due to (i) an increase of US$480 thousand in trade payables, primarily attributable to increased procurement in line with production planning, as well as the extension of supplier credit terms to improve working capital efficiency; and (ii) an increase of US$359 thousand in accrued [**REDACTED**] in relation to the proposed [**REDACTED**] and [**REDACTED**].

As of March 31, 2026, US$1,000.1 thousand, or 29.1%, of our trade and other payables as of December 31, 2025 had been subsequently settled.

**Bank Borrowings**

We generally borrow bank loans from creditworthy commercial banks in the PRC to supplement our working capital requirements and finance our capital expenditures. As of December 31, 2024 and 2025 and March 31, 2026, we had total bank borrowings of US$0.8 million, US$3.7 million and US$4.3 million, respectively. These bank borrowings carried fixed weighted average interest rates of 3.05% or 3.10% per annum. All of these borrowings were unsecured and unguaranteed and will become due within one year based on the contractual repayment date. For details, see Note 22 to the Accountants' Report set out in Appendix I to this document.

As of March 31, 2026, we had committed unutilized banking facilities of RMB25.0 million (US$3.6 million).

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt, and there was no material breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining or renewing bank loans, nor did we experience any default in payment of bank loans during the Track Record Period and up to the Latest Practicable Date.

**Lease Liabilities**

During the Track Record Period, our lease liabilities were primarily related to leases of properties used as office premises and manufacturing facilities. The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

| | As of December 31, | | As of March 31, |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| | *(US$ in thousands)* | | *(unaudited)* |
| **Lease liabilities** | | | |
| Current | 814 | 623 | 452 |
| Non-current | 396 | 83 | 36 |
| **Total** | **1,210** | **706** | **488** |

Our lease liabilities decreased from US$1.2 million as of December 31, 2024 to US$706 thousand as of December 31, 2025, mainly due to the non-renewal of our certain leases upon expiration. Our lease liabilities further decreased to US$488 thousand as of March 31, 2026, mainly due to the amortization of lease obligations over lease term.

**Financial Liabilities at FVTPL**

Our financial liabilities at FVTPL primarily represented the Series A-1 Preferred Shares and Series B Preferred Shares held by our Pre-[**REDACTED**] Investors. We recorded financial liabilities at FVTPL of US$97.8 million and US$104.7 million as of December 31, 2024 and 2025, respectively.

We valued the Series A-1 Preferred Shares and Series B Preferred Shares with reference to valuation reports carried out by an independent qualified professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited. As of December 31, 2024 and 2025, we used the back-solve method and discounted cash flows method to determine the underlying value of our Shares, respectively. We also applied the hybrid method to perform an equity allocation to arrive the fair value of the Series A-1 Preferred Shares and Series B Preferred Shares as of December 31, 2024 and 2025. The hybrid method is a hybrid between the probability-weighted expected return method and the option pricing method, which estimates the probability-weighted value across multiple scenarios but using the option pricing method to estimate the allocation of value within one or more of those scenarios. For details, see Note 23 to the Accountants' Report set out in Appendix I to this document. We derecognize financial liabilities only when our obligations are discharged, cancelled or have expired.

**Deferred Income**

Our deferred income represented certain government grants which had not been recognized in profit or loss until the compliance with the attached conditions. We recorded deferred income of US$320 thousand and US$156 thousand as of December 31, 2024 and 2025, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary use of cash during the Track Record Period was to fund our research and development activities. We recorded net cash used in operating activities of US$15.0 million and US$14.3 million in 2024 and 2025, respectively. During the Track Record Period, we primarily funded our working capital requirements through equity and debt financings. Our management closely monitors use of cash and cash equivalents and strives to maintain a

healthy liquidity for our operations. Going forward, we expect our liquidity requirements will be satisfied by a combination of existing cash and cash equivalents, bank loans, net [**REDACTED**] from the [**REDACTED**], as well as revenue derived from sales of our successfully commercialized products. With the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, or other sources.

**Current Assets and Current Liabilities**

The following tables sets forth our current assets and current liabilities as of the dates indicated:

| | As of December 31, | | As of March 31, |
|---|---|---|---|
| | **2024** | **2025** | **2026** |
| | *(US$ in thousands)* | | *(unaudited)* |
| **Current Assets** | | | |
| Inventories | 326 | 1,141 | 760 |
| Trade receivables | 347 | 207 | 555 |
| Other receivables, deposits and prepayments | 2,124 | 2,884 | 3,155 |
| Bank balances and cash | 36,910 | 24,554 | 21,260 |
| **Total current assets** | **39,707** | **28,786** | **25,730** |
| **Current liabilities** | | | |
| Trade and other payables | 2,770 | 3,442 | 2,266 |
| Bank borrowings | 835 | 3,728 | 4,293 |
| Lease liabilities | 814 | 623 | 452 |
| Contract liabilities | 329 | 5 | 4 |
| Financial liabilities at FVTPL | 97,830 | 104,680 | 104,680 |
| Deferred income | 167 | 171 | 173 |
| **Total current liabilities** | **102,745** | **112,649** | **111,868** |
| **Net current liabilities** | **(63,038)** | **(83,863)** | **(86,138)** |

Our net current liabilities remained relatively stable at US$83.9 million and US$86.1 million as of December 31, 2025 and March 31, 2026, respectively.

Our net current liabilities increased from US$63.0 million as of December 31, 2024 to US$83.9 million as of December 31, 2025, primarily attributable to (i) a decrease of US$12.4 million in bank balances and cash resulting from the cash outflows for our continued research and development activities and daily operations; and (ii) an increase of US$6.9 million in financial liabilities at FVTPL in connection with the fair value changes of our Series A-1 Preferred Shares and Series B Preferred Shares.

We recorded net current liabilities during the Track Record Period primarily because our Preferred Shares issued to Pre-[**REDACTED**] investors are recorded as current liabilities under financial liabilities at FVTPL. These Preferred Shares will be converted into Ordinary Shares upon [**REDACTED**], after which the amount of our financial liabilities at FVTPL, which were recorded as our current liabilities during the Track Record Period, will be derecognized from our liabilities and recorded as equity, which can result in the Group turning into net current assets and net assets position. See Note 23 of the Accountants' Report to this document for details.

**Cash Flows**

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

| | For the Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| Operating cash flows before movements in working capital | (13,991) | (13,537) |
| Changes in working capital | (1,013) | (806) |
| Net cash used in operating activities | (15,004) | (14,318) |
| Net cash generated from investing activities | 422 | 346 |
| Net cash (used in)/generated from financing activities | (2,607) | 1,531 |
| Net decrease in cash and cash equivalents | (17,189) | (12,441) |
| Cash and cash equivalents at beginning of the year | 54,260 | 36,910 |
| Effect of foreign exchange rate changes | (161) | 85 |
| **Cash and cash equivalents at end of the year** | **36,910** | **24,554** |

***Net Cash Used in Operating Activities***

To improve our net operating cash outflows position, we have introduced third-party products to offer integrated molecular diagnostic solutions, thereby enhancing our industry competitiveness and increasing our revenue. Meanwhile, we have implemented stricter budget controls, optimized R&D process management, and refined our employee performance assessment system to strengthen operational efficiency and cash flow management.

In 2025, our net cash used in operating activities was US$14.3 million, which was primarily attributable to loss before tax of US$22.3 million as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) changes in fair value of financial liabilities at FVTPL of US$6.9 million, and (ii) depreciation of property and equipment of US$1,420 thousand. Negative adjustments primarily included (i) interest income of US$793 thousand, and (ii) increase in inventories of US$784 thousand.

In 2024, our net cash used in operating activities was US$15.0 million, which was primarily attributable to loss before tax of US$23.5 million adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) change in fair value of financial liabilities at FVTPL of US$7.6 million, and (ii) depreciation of property and equipment of US$1.4 million, and (iii) depreciation of right-of-use assets of US$852 thousand. Negative adjustments primarily included (i) interest income of US$1.5 million, and (ii) an increase of US$1.0 million in trade and other receivables.

***Net Cash Generated from Investing Activities***

In 2025, our net cash generated from investing activities was US$346 thousand, primarily attributable to interest received of US$793 thousand, partially offset by purchase of and deposits paid for property and equipment of US$447 thousand.

In 2024, our net cash generated from investing activities was US$422 thousand, primarily attributable to interest received of US$1.5 million, partially offset by (i) purchase of and deposits paid for property and equipment of US$583 thousand, and (ii) purchase of intangible assets of US$543 thousand.

***Net Cash Used in Financing Activities***

In 2025, our net cash generated from financing activities was US$1.5 million, primarily attributable to new bank loans raised of US$3.7 million; partially offset by (i) repayments of lease liabilities of US$915 thousand, and (ii) repayment of bank borrowings of US$840 thousand.

In 2024, our net cash used in financing activities was US$2.6 million, primarily attributable to (i) repurchase of preferred shares of US$2.5 million and (ii) repayments of lease liabilities of US$860 thousand.

## WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to us, including bank balances and cash, unutilized bank facilities and the estimated net [**REDACTED**] from the [**REDACTED**], and considering our cash burn rate, we have available sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses and other operating costs, for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. We had bank balances and cash of US$24.6 million as of December 31, 2025. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range. Assuming an average cash burn rate going forward of 1.5 times the level in 2025, we estimate that our bank balances and cash as of December 31, 2025 will be able to maintain our financial viability for [**REDACTED**] months, or, if we take into account the estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing no earlier than six months after the completion of the [**REDACTED**].

## CASH OPERATING COSTS

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

| | For the Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(US$ in thousands)* | |
| **Costs relating to research and development of our Core Product** | | |
| Contract service fees | 587 | 248 |
| Cost of raw materials | 337 | 327 |
| **Subtotal** | **924** | **575** |
| **Costs relating to research and development of our other product candidates** | | |
| Contract service fees | 1,484 | 529 |
| Cost of raw materials | 786 | 698 |
| **Subtotal** | **2,270** | **1,228** |
| Staff costs for research and development personnel | 6,810 | 5,843 |
| Other research and development costs | 379 | 294 |
| **Total research and development costs** | **10,383** | **7,939** |
| Staff costs for non-research and development personnel | 2,415 | 2,067 |
| Direct production costs | 284 | 431 |
| Other operating costs | 2,686 | 2,826 |

## INDEBTEDNESS

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

| | As of December 31, | | As of March 31, |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| | *(US$ in thousands)* | | |
| | | | *(unaudited)* |
| **Current:** | | | |
| Bank borrowings | 835 | 3,728 | 4,293 |
| Lease liabilities | 814 | 623 | 452 |
| **Non-current:** | | | |
| Lease liabilities | 396 | 83 | 36 |
| **Total** | **2,045** | **4,434** | **4,781** |

*Note:*

(1) The foregoing bank borrowings and lease liabilities are unguaranteed and unsecured.

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of March 31, 2026. Our Directors confirm that there had been no material change in our indebtedness since March 31, 2026 and up to the date of this document.

## CAPITAL EXPENDITURES

We from time to time incur capital expenditures to purchase and maintain our property and equipment and intangible assets in order to enhance our product development capabilities and expand our business operations. Historically, we have funded our capital expenditures primarily through equity and debt financings. The following table sets forth our capital expenditures for the years indicated:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(US$ in thousands)* | |
| **Capital expenditures** | | |
| Purchase of and deposits paid for property and equipment | 583 | 447 |
| Purchase of intangible asset | 543 | – |
| **Total** | **1,126** | **447** |

We plan to finance our future capital expenditures primarily with existing cash and cash equivalents, banks loans, and net [**REDACTED**] from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" for more details. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors as appropriate.

## COMMITMENTS

### Capital Commitments

As of December 31, 2024 and 2025, we did not have any capital commitments.

## CONTINGENT LIABILITIES

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

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We had not entered into any off-balance sheet transactions during the Track Record Period and as of the Latest Practicable Date.

## RELATED PARTY TRANSACTIONS

We did not have any material related party transactions during the Track Record Period. For details, see Note 27 to the Accountants' Report set out in Appendix I to this document.

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| Current ratio [(1)] | 0.4 | 0.3 |

*Note:*

(1) Current ratio is calculated as current assets divided by current liabilities as of the end of the year.

Our current ratio remained relatively stable at 0.4 and 0.3 as of December 31, 2024 and 2025, respectively.

## FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including currency risk, interest rate risk, credit risk, and liquidity risk. Our management manages and monitors these exposures to ensure appropriate measure are implemented on a timely and effective manner. For details of our financial risks and management policies, see Note 30(b) to the Accountants' Report set out in Appendix I to this document.

## DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. We did not have a formal dividend policy or pre-determined dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Our Board of Directors has complete discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law. Even if our Board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board of Directors.

As advised by our legal advisor as to Cayman Islands laws, notwithstanding that the Company may have accumulated losses, the Company may declare dividend (a) out of profits of the Company if the Company has sufficient profits, unless such is contrary to the accounting principles adopted by the Company or (b) out of the share premium of the Company if following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of the Company and may make provision for losses. [**REDACTED**] should not purchase our Shares with the expectation of receiving cash dividends.

## DISTRIBUTABLE RESERVES

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

## [REDACTED]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] million (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), which represent [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], assuming no Shares are issued pursuant to the [**REDACTED**]. The above [**REDACTED**] are comprised of (i) [**REDACTED**]-related expenses of HK$[**REDACTED**] million, and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**] million, including (a) the legal advisors and the reporting accountants expenses of HK$[**REDACTED**] million, and (b) other fees and expenses of HK$[**REDACTED**] million. During the Track Record Period, we incurred [**REDACTED**] of HK$[**REDACTED**] million, HK$[**REDACTED**] million of which was charged to our consolidated statements of profit or loss, and HK$[**REDACTED**] million of which was attributable to the issue of Shares and will be deducted from equity. We expect to incur additional [**REDACTED**] of approximately HK$[**REDACTED**] million after the Track Record Period, of which approximately HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] million is attributable to the issue of Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## [REDACTED]

[**REDACTED**]

## NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or [**REDACTED**] position or prospects since December 31, 2025 and up to the date of this document and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in Appendix I to this document.

## DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

## OUR SINGLE LARGEST SHAREHOLDER

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), Dr. Tian will hold 55,233,000 Shares, representing approximately [**REDACTED**]% of the total issued share capital of our Company. Accordingly, Dr. Tian will be our single largest Shareholder after the [**REDACTED**].

## INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Our Directors believe that our Group will be capable of carrying out our business independently from our single largest Shareholder and his close associates after the [**REDACTED**] for the reasons set out below.

### Operational Independence

We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently from our single largest Shareholder and his close associates. We are in possession of all relevant licenses, assets, copyrights, trademarks and other intellectual properties necessary to carry on and operate our business. We have independent access to suppliers and customers. In addition, we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that our Group will be able to operate independently from our single largest Shareholder and his close associates after the [**REDACTED**].

### Management Independence

Upon the [**REDACTED**], our Board will comprise two executive Directors, one non-executive Director and three independent non-executive Directors, and our senior management team will comprise two members. Our executive Directors and senior management team are responsible for the daily management of our operations.

Our Directors believe that our Group will be able to function independently from our single largest Shareholder and his close associates after the [**REDACTED**] for the following reasons:

(a) our Board has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors. Our independent non-executive Directors are not associated with our single largest Shareholder or his close associates, which ensures that decisions of our Board are made only after due consideration of independent and impartial opinions;

(b) our independent non-executive Directors individually and collectively possess the requisite knowledge, experience, and competence to provide a balance of potentially interested Directors with a view to promote the interests of our Company and our Shareholders as a whole;

(c) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions;

(d) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Listing Rules as a director of a [**REDACTED**] issuer, which require that he or she acts for the benefit and in the best interest of our Company, and does not allow any conflict between his or her duties as a Director and his or her personal interests; and

(e) if there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Directors are obliged to declare and fully disclose such potential conflict of interests, and shall abstain from voting at the relevant Board meetings in respect of such transactions.

Based on the above, our Directors believe that they will be able to perform their managerial roles in our Company independently from our single largest Shareholder and his close associates after the [**REDACTED**].

**Financial Independence**

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our single largest Shareholder or his close associates. As of the Latest Practicable Date, there were no subsisting loans, guarantees or pledges provided by our single largest Shareholder or his close associates to our Group.

Based on the above, our Directors believe that our Group will be able to maintain financial independence from our single largest Shareholder and his close associates after the [**REDACTED**].

## CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We have adopted the following corporate governance measures to maintain good corporate governance standards and to avoid potential conflict of interests between our Group and our single largest Shareholder and his close associates:

(a) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Group enters into connected transactions with our single largest Shareholder or his close associates, our Company will comply with the applicable requirements under the Listing Rules;

(b) where a Shareholders' meeting is to be held to consider proposed transactions in which our single largest Shareholder or his close associates have any material interests, our single largest Shareholder and his close associates (as applicable) will not vote on the relevant resolutions;

(c) our independent non-executive Directors will review whether there is any conflict of interests between our Group and our single largest Shareholder and his close associates and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) if any of our single largest Shareholder or Directors has a conflict of interest in a matter to be considered by our Board which our Board has determined to be material, the matter will be dealt with by a physical meeting rather than a written resolution. Additionally, our independent non-executive Directors with no material interest in the matter will be present at the relevant Board meeting;

(e) where the advice from an independent professional, such as a financial or legal advisor, is reasonably requested by our Directors (including independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses; and

(f) we have appointed SPDB International Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to Directors' duties and corporate governance matters.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage potential conflict of interests between our Group and our single largest Shareholder and his close associates, and to protect our minority Shareholders' rights after the [**REDACTED**].

## AUTHORIZED AND ISSUED SHARE CAPITAL

As of the Latest Practicable Date, our authorized share capital was US$50,000 divided into (i) 415,856,766 Shares of par value of US$0.0001 each, (ii) 4,566,395 series seed-1 preferred shares of par value of US$0.0001 each, (iii) 570,776 series seed-2 preferred shares of par value of US$0.0001 each, (iv) 1,141,553 series seed-3 preferred shares of par value of US$0.0001 each, (v) 4,566,210 series seed-4 preferred shares of par value of US$0.0001 each, (vi) 4,566,210 series seed-5 preferred shares of par value of US$0.0001 each, (vii) 6,849,316 series seed-6 preferred shares of par value of US$0.0001 each, (viii) 11,650,330 Series A Preferred Shares of par value of US$0.0001 each, (ix) 12,675,036 Series A-1 Preferred Shares of par value of US$0.0001 each, and (x) 37,557,408 Series B Preferred Shares of par value of US$0.0001 each. The Preferred Shares will be converted into the Shares on a one-to-one basis by way of re-designation and re-classification immediately before the [**REDACTED**].

Assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan, the share capital of our Company immediately following the completion of the [**REDACTED**] will be as follows.

| **Description of Shares** | **Number of Shares** | **Aggregate nominal value of Shares** *(US$)* | **Approximate percentage of issued share capital of our Company** *(%)* |
|---|---|---|---|
| Shares in issue (including the Shares to be converted from the Preferred Shares) | 181,440,701 | 18,144.07 | [**REDACTED**] |
| Shares to be issued pursuant to the [**REDACTED**] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Total** | [**REDACTED**] | [**REDACTED**] | **100.00** |

Assuming that the [**REDACTED**] is fully exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan, the share capital of our Company immediately following the completion of the [**REDACTED**] will be as follows.

| **Description of Shares** | **Number of Shares** | **Aggregate nominal value of Shares** *(US$)* | **Approximate percentage of issued share capital of our Company** *(%)* |
|---|---|---|---|
| Shares in issue (including the Shares to be converted from the Preferred Shares) | 181,440,701 | 18,144.07 | [**REDACTED**] |
| Shares to be issued pursuant to the [**REDACTED**] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Total** | [**REDACTED**] | [**REDACTED**] | **100.00** |

The above tables assume that the [**REDACTED**] becomes unconditional, the Shares are issued pursuant to the [**REDACTED**], and that the Preferred Shares are converted into the Shares on a one-to-one basis.

## RANKING

The [**REDACTED**] are Shares in the share capital of our Company and will rank equally with all the Shares currently in issue or to be issued (including all the Preferred Shares to be converted into the Shares immediately before the [**REDACTED**]) and, in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

## CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders: (i) increase its share capital, (ii) consolidate and divide its share capital into shares of a larger amount, (iii) sub-divide the Shares into shares of a smaller amount, (iv) cancel any Shares which have not been taken or agreed to be taken, (v) make provision for the allotment and issue of shares which do not carry any voting rights, (vi) change the currency of denomination of its share capital, and/or (vii) reduce its share premium account in any manner authorized, and subject to any conditions prescribed by law. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital by our Shareholders passing a special resolution. See "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws — 2. Articles of Association — 2.1 Shares — (c) Alteration of Capital" for details.

## GENERAL MANDATE TO ISSUE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**] (excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and share options granted under the Equity Incentive Plan); and

- the aggregate nominal value of the Shares repurchased by us under the authority referred to in "— General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company;

- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

- the time when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders" for details of the general mandate to allot, issue and deal with Shares.

## GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and share options granted under the Equity Incentive Plan.

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are [**REDACTED**] (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 5. Repurchase of Our Own Shares."

The general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or
- the time when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders" for details of the general mandate to repurchase Shares.

## EQUITY INCENTIVE PLAN

We adopted the Equity Incentive Plan. For details including a summary of the principal terms of the Equity Incentive Plan and the dilution impact resulting from full exercise of all outstanding share options granted thereunder, see "Appendix IV — Statutory and General Information — D. Equity Incentive Plan."

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), the following persons will have interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to 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 our share capital carrying rights to vote in all circumstances at general meetings of our Company.

| Shareholder | Nature of interest | Number of Shares interested in as of the Latest Practicable Date[1][2] | Approximate percentage of interest in our Company as of the Latest Practicable Date[2] *(%)* | Number of Shares interested in immediately following the completion of the [REDACTED][1][2] | Approximate percentage of interest in our Company immediately following the completion of the [REDACTED][3] *(%)* |
|---|---|---|---|---|---|
| Dr. Tian | Beneficial interest | 55,233,000 (L) | 30.44 | [**REDACTED**] (L) | [**REDACTED**] |
| Dr. Ivanov | Beneficial interest | 27,616,000 (L) | 15.22 | [**REDACTED**] (L) | [**REDACTED**] |
| AZ-CICC[4] | Beneficial interest | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| AZ Investment Consulting[4] | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| AZ China[4] | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| AstraZeneca[4] | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| CICC Capital Management[4] | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| CICC[4] | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| Central Huijin | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| YF Digital Health[5] | Beneficial interest | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| YF Fund IV[5] | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| YF Fund IV GP[5] | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |
| Mr. Yu | Interest in controlled corporation | 10,730,688 (L) | 5.91 | [**REDACTED**] (L) | [**REDACTED**] |

*Notes:*

(1) The letter "L" denotes the person's long position in the Shares.

(2) On the basis that the Preferred Shares will be converted into the Shares on a one-to-one basis by way of re-designation and re-classification immediately before the [**REDACTED**].

(3) Based on the assumption that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan.

(4) The general partners of AZ-CICC are AstraZeneca Investment Consulting (Wuxi) Co., Ltd. (阿斯利康商務諮詢(無錫)有限公司) ("**AZ Investment Consulting**") and CICC Private Equity Management Co., Ltd. (中金私募股權投資管理有限公司) ("**CICC Capital Management**"). AstraZeneca Investment Consulting is wholly owned by AZ Investment (China) Co., Ltd. (阿斯利康投資(中國)有限公司) ("**AZ China**"). AZ China is wholly owned by AstraZeneca PLC ("**AstraZeneca**"), a public limited company with the principal markets for trading on the London Stock Exchange, Nasdaq Stockholm and the New York Stock Exchange (ticker symbol: AZN). CICC Capital Management is wholly owned by China International Capital Corporation Limited (中國國際金融股份有限公司) ("**CICC**") (stock codes: 03908.HK; 601995.SH). CICC is owned as to 40.11% by Central Huijin Investment Ltd. (中央匯金投資有限責任公司) ("**Central Huijin**"). As such, each of AZ Investment Consulting, AZ China, AstraZeneca, CICC Capital Management, CICC and Central Huijin is deemed to be interested in the Shares held by AZ-CICC under the SFO.

(5) YF Digital Health Limited ("**YF Digital Health**") is wholly owned by Yunfeng Fund IV AIV II, L.P. ("**YF Fund IV**"). The general partner of YF Fund IV is Yunfeng Fund IV AIV GP, Ltd. ("**YF Fund IV GP**"). None of the limited partners of YF Fund IV holds more than one-third of the partnership interest. YF Fund IV GP is controlled by Mr. Feng Yu (虞鋒) ("**Mr. Yu**"). As such, each of YF Fund IV, YF Fund IV GP and Mr. Yu is deemed to be interested in the Shares held by YF Digital Health under the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), have any interest and/or short position in the Shares or underlying Shares of our Company which will fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

## BOARD OF DIRECTORS

Immediately upon the completion of the [**REDACTED**], our Board will comprise six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors.

The table below sets out certain information of our Directors.

| Name | Age | Position | Date of appointment as Director | Date of joining our Group | Responsibilities |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Dr. Hui Tian | 55 | Chairman of our Board, executive Director and CEO | September 14, 2021 | June 6, 2016 | Overseeing the strategic planning, global business operations, financial management, innovation and research and development of our Group |
| Dr. Igor Ivanov | 72 | Executive Director and COO | September 14, 2021 | March 28, 2016 | Overseeing the corporate management, research and development, sales and marketing and business development of our Group |
| **Non-executive Director** | | | | | |
| Mr. Lizi Bie (别力子)[(1)] | 55 | Non-executive Director | October 15, 2021 | October 15, 2021 | Participating in formulating corporate and business strategies of our Group |
| **Independent Non-executive Directors** | | | | | |
| Dr. Ankang Li (李安康) | 48 | Independent non-executive Director | [**REDACTED**] | [**REDACTED**] | Supervising and providing independent judgment to our Board |
| Mr. Keith Warner | 65 | Independent non-executive Director | [**REDACTED**] | [**REDACTED**] | Supervising and providing independent judgment to our Board |
| Ms. Tao Zhang (章濤) | 47 | Independent non-executive Director | [**REDACTED**] | [**REDACTED**] | Supervising and providing independent judgment to our Board |

(1) Mr. Lizi Bie (别力子) is a Board representative of Leaguer Hongxin (Hongkong) Limited (力合泓鑫(香港)有限公司), our Pre-[**REDACTED**] Investor.

### Executive Directors

**Dr. Hui Tian** is a leading scientist who is the inventor of over 100 granted patents globally, with more than 20 years of experience in the fusion of biotechnology and semiconductor industries. Before founding our Group, Dr. Tian served as a vice president at a California-based company which develops genetic analysis platform designed for real-time DNA sequencing since September 2013. Dr. Tian continued his work at the sequencing unit of a global pharmaceutical multinational company as a vice president until 2016. From February 2012 to September 2013, he was a senior manager at Aptina LLC, an imaging-solutions service provider. Dr. Tian also served leadership roles at Silicon Valley technology companies, including vice president at InVisage Technologies Inc. ("**InVisage**") (a fabless semiconductor pioneer acquired by Apple Inc. in 2017 and known for QuantumFilm, a quantum dot-based

image sensor technology) from June 2007 to March 2012, director at Pixim, Inc. from May 2005 to May 2007, and principal sensor scientist of IC Media Corporation from May 2004 to May 2005. Dr. Tian also serves as a director of Axbio US, Anxuyuan Shenzhen, Anxuyuan Wuxi and Anxuyuan Tianjin.

Dr. Tian obtained a bachelor's degree in applied physics with a minor in business management and a master's degree in engineering physics from Tsinghua University (清華大學) in the PRC in July 1993 and July 1996, respectively. He also obtained a master's degree in electrical engineering and a PhD degree in applied physics from Stanford University in the United States in January 1999 and September 2000, respectively.

**Dr. Igor Ivanov** is a successful serial entrepreneur who is the inventor of over 100 granted patents globally with more than 30 years of experience in semiconductor and technology industries. Before founding our Group, Dr. Ivanov honed his expertise in nanomaterials and semiconductors through his career. He served as a vice president at InVisage which was later acquired by Apple, Inc. from 2008 to 2016 where he participated in the development of new semiconductor manufacturing process and equipment and first-in-the world quantum dot-organic superlattice photosensitive material for image sensors, and at Intermolecular, Inc. ("**Intermolecular**"), an advanced material innovation company which later went public on Nasdaq and subsequently acquired by Merck KGaA., from 2007 to 2008. Dr. Ivanov founded Blue29, LLC ("**Blue29**"), a semiconductor manufacturer, and served as its chief executive officer and chief technology officer from 2001 to 2007. Blue29 was later acquired by KLA-Tencor Corp. and Dainippon Screen Manufacturing Co. Ltd. Before founding Blue 29, Dr. Ivanov also worked at Cutek, Advanced Micro Devices, Inc. and Mattson Technology, Inc. Dr. Ivanov also serves as a director of Axbio US.

Dr. Ivanov obtained a master's degree in chemistry and a PhD degree in physics and mathematics from Saint Petersburg State University (formerly known as Leningrad State University) in Russia in June 1976 and February 1980, respectively.

**Non-executive Director**

**Mr. Lizi Bie (别力子)** has abundant experience in equity investment. He has been an executive director of Zhuhai Bauhinia Hongxin Investment Management Co., Ltd. (珠海紫荊泓鑫投資管理有限公司) since November 2016. Mr. Bie held various positions at Shenzhen Leaguer Co., Ltd. (深圳市力合科創股份有限公司) (stock code: 002243.SZ). He was also the chairman of the board of directors of Shenzhen Thsware Hi-Tech Co., Ltd. (深圳市斯維爾科技股份有限公司) (stock code: 838470.NEEQ) from September 2015 to July 2024.

Mr. Bie obtained a bachelor's degree in applied physics from Tsinghua University (清華大學) in the PRC in July 1993 and a part-time master's degree in investment management from the Chinese Academy of Social Sciences (中國社會科學院) in the PRC in July 1998.

**Independent Non-executive Directors**

**Dr. Ankang Li (李安康)** has 16 years of experience in investment banking, business development, legal transaction and biomedical research. He currently serves as an executive director, chief operating officer and company secretary of Brii Biosciences Limited (騰盛博藥生物科技有限公司) (stock code: 02137.HK). Prior to that, Dr. Li served as the chief financial officer of Terns Pharmaceuticals, Inc. (ticker symbol: TERN.Nasdaq) from June 2019 to August 2020. He was an executive director within the corporate finance division of Goldman Sachs from January 2018 to June 2019. Dr. Li was a director of the business development department of MSD R&D (China) Co., Ltd. from September 2016 to December 2017. He was an associate of Ropes & Gray LLP, a global law firm, from August 2014 to September 2016. He was an associate of Davis Polk & Wardwell LLP, a global law firm, from September 2012 to August 2014. Dr. Li was a research associate of Salk Institute for Biological Studies, a scientific research institute in the United States, conducting postdoctoral scientific research from September 2007 to September 2009.

Dr. Li obtained a bachelor's degree in biochemistry from Fudan University (復旦大學) in the PRC in July 1999, a degree of master of science from National University of Singapore

in Singapore in October 2002, a PhD degree in biomedical science from Baylor College of Medicine in the United States in June 2007, and a Doctor of Law degree from The University of Chicago Law School in the United States in June 2012. Dr. Li was also admitted to the New York Bar in January 2013 and was qualified as a Chartered Financial Analyst of the CFA Institute in August 2016.

**Mr. Keith Warner** has more than 25 years of experience in biotechnology, diagnostics and medical device industries. He has been the principal of Keith Warner Consulting since June 2024. Prior to that, he was once the chief executive officer and a member of the board of Neuralace Medical, Inc., a medical device company focusing on pain management technology, the chief executive officer and a member of the board of Advanced Cooling Therapy, Inc., a medical device company focusing on proactive esophageal cooling, the chief operating officer of WaferGen Biosystems, Inc., a biotechnology company focusing on genomic technology solutions for single-cell analysis and clinical research, and a vice president of Novartis Vaccines and Diagnostics, Inc., an innovative medicines company.

Mr. Warner obtained a bachelor's degree in microbiology from Kansas State University in the United States in May 1985, and a master's degree in business administration from Pepperdine University in the United States in April 2008.

**Ms. Tao Zhang (章濤)** has over 15 years of experience in auditing and over five years of experience in compliance and internal control. Ms. Zhang served at Deloitte Touche Tohmatsu Beijing Branch from August 2003 to April 2018, with her latest position as an auditing partner. She then served as the chairlady of the supervisory committee and the general manager of the internal control and audit department of Laopu Gold Co., Ltd. (老鋪黃金股份有限公司), a company listed on the Stock Exchange (stock code: 06181), from April 2018 to August 2021. Ms. Zhang has been serving as a vice president of Zhongshang Huimin Technology Group Co., Ltd. (中商惠民科技集團有限公司) since August 2021, an independent non-executive director of China Sunshine Paper Holdings Company Limited (stock code: 02002.HK) since August 2023, and an independent non-executive director of 52TOYS Development Co., Ltd. (北京樂自天成文化發展股份有限公司) since June 2022.

Ms. Zhang obtained a bachelor's degree in financial management from Beijing Information Science & Technology University (北京信息科技大學) (formerly known as Beijing Institute of Machinery (北京機械工業學院)) in the PRC in July 1999 and a master's degree in accounting from Capital University of Economics and Business (首都經濟貿易大學) in the PRC in July 2003. She was admitted as a member of the Chinese Institute of Certified Public Accountants in October 2006.

## SENIOR MANAGEMENT

Immediately upon the completion of the [**REDACTED**], our senior management will comprise two members. The table below sets out certain information of our senior management.

| Name | Age | Position | Date of appointment as senior management | Date of joining our Group | Responsibilities |
|---|---|---|---|---|---|
| Dr. Hui Tian | 55 | CEO | June 6, 2016 | June 6, 2016 | Overseeing the strategic planning, global business operations, financial management, innovation and research and development of our Group |
| Dr. Igor Ivanov | 72 | COO | March 28, 2016 | March 28, 2016 | Overseeing the corporate management, research and development, sales and marketing and business development of our Group |

For the biographical details of Dr. Hui Tian and Dr. Igor Ivanov, see "— Board of Directors" in this section.

## CONFIRMATION FROM OUR DIRECTORS

Each of our Directors has confirmed that, as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on April 16, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) he/she had no 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 as of the Latest Practicable Date, and (iii) that there have been no other factors that might affect his/her independence at the time of his/her appointment.

Save as otherwise disclosed in this document, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders, and there was no information relating to our Directors or senior management that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

## REMUNERATION OF OUR DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

For details of the service contracts and appointment letters we entered into with our Directors, see "Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Appointment Letters."

The aggregate amount of emoluments of our Directors for the two years ended December 31, 2025 amounted to US$584,000 and US$495,000, respectively. The aggregate amount of emoluments of our five highest paid individuals (excluding Directors) for the two years ended December 31, 2025 amounted to US$713,000 and US$632,000, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors for the year ending December 31, 2026 to be approximately US$578,000. The actual remuneration of our Directors in 2026 may be different from the expected remuneration set out above.

Save as disclosed above, no other payments have been paid, or are payable, by our Group to our Directors or the five highest paid individuals during the Track Record Period. No remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company, or as compensation for loss of office in connection with the management positions of any member of our Group. During the Track Record Period, none of our Directors waived any emoluments.

## JOINT COMPANY SECRETARIES

**Ms. Yu Zhang (張瑜)** was appointed as a joint company secretary of our Company with effect from April 27, 2025. Ms. Zhang joined our Group in August 2022 and is currently

serving as the assistant to the chairman of our Board and the head of investor relations, primarily responsible for assisting the corporate governance, board affairs and investor relations of our Group. From March 2018 to August 2022, Ms. Zhang worked at BGI Genomics Co., Ltd., with her last position as supervisor of the securities department. From July 2016 to January 2018, she worked at Minsheng Securities Co., Ltd.

Ms. Zhang obtained a bachelor's degree in finance from Xi'an University of Technology (西安理工大學) in the PRC in July 2013 and a master's degree in finance from Shaanxi Normal University (陝西師範大學) in the PRC in June 2016.

**Ms. Ingrid Pui Kiu Wong (黃沛翹)** was appointed as a joint company secretary of our Company with effect from April 27, 2025. Ms. Wong is currently a senior manager of company secretarial services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Wong has over ten years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Wong is currently the joint company secretary of Shanghai Pharmaceuticals Holding Co., Ltd. (stock code: 02607.HK).

Ms. Wong obtained a bachelor's degree in business administration in global business and management of organizations from The Hong Kong University of Science and Technology in Hong Kong, a bachelor's degree in law from The University of Law in the United Kingdom (formerly known as The College of Law of England and Wales) and a master's degree in corporate governance and compliance from the Hong Kong Baptist University in Hong Kong. Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

## CORPORATE GOVERNANCE

We have established three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

### Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee comprises three independent non-executive Directors, namely Dr. Ankang Li (李安康), Ms. Tao Zhang (章濤) and Mr. Keith Warner, with Dr. Li currently serving as the chairperson. Both Dr. Li and Ms. Zhang have the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

### Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Dr. Tian, Mr. Keith Warner and Ms. Tao Zhang (章濤), with Dr. Tian currently serving as the chairperson.

### Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Keith Warner, Dr. Ivanov and Dr. Ankang Li (李安康), with Mr. Warner currently serving as the chairperson.

### Corporate Governance Code

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code after the [**REDACTED**] save for the matter disclosed below.

Pursuant to code provision C.2.1 in Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate chairman of our Board and CEO, and Dr. Tian currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and CEO in the same person has the benefit of ensuring consistent leadership within our Group and enabling more effective and efficient overall strategic planning and execution of strategic initiatives for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and CEO at a time when it is appropriate taking into account the circumstances of our Group as a whole.

### Diversity Policy

We are committed to promoting diversity within our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. We have adopted a diversity policy which sets out the objective and approach for achieving and maintaining the diversity of our Board and our workforce (including senior management). In accordance with the diversity policy, we seek to achieve Board diversity by taking into account a number of factors, including but not limited to gender, age, ethnicity, culture and educational background, professional experience, skills, knowledge and length of service.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as sequencing, image sensor, semiconductor, technology, equity investment, investment banking, business development, legal transaction, biomedical research, biotechnology, diagnostics and medical device, auditing, compliance and internal control. Furthermore, our Board has a diverse age and gender representation with five male Directors and one female Director ranging from 47 years old to 72 years old.

After the [**REDACTED**], we will from time to time discuss and agree on expected goals to ensure diversity, and review and, where necessary, update the diversity policy to ensure its continued effectiveness. We will report on the implementation of the diversity policy in our corporate governance report on an annual basis.

## COMPLIANCE ADVISOR

We have appointed SPDB International Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable laws and regulations.

The term of appointment of our Compliance Advisor will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

## FUTURE PLANS

See "Business — Strategies" for a detailed description of our future business plans and strategies.

## USE OF [REDACTED]

We estimate that the aggregate net [**REDACTED**] to our Company from the [**REDACTED**] will be approximately HK$[**REDACTED**] million, after deducting [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] paid and payable by us taking into account any additional [**REDACTED**] fee and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share.

We intend to apply such net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for further development, commercialization and manufacturing of AxiLona EL-100, our Core Product, of which:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for continued development, planned clinical trials and regulatory registrations of AxiLona EL-100, of which

  - approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to fund our R&D activities, covering process validation materials, prototype development, and performance testing essential to expand the clinical applications of the AxiLona EL-100 to include protein detection functionality. We intend to upgrade the existing device by further developing surface modification and different capture probes, thereby delivering rapid, high-sensitivity protein detection with minimal user input. This feature will be applicable in various clinical fields, including the detection of specific protein biomarkers related to Alzheimer's disease, aiding in its diagnosis. We completed the design for this functionality in March 2026, and plan to initiate the design verification and other preclinical studies.

  - approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the registrational clinical trial in China for the protein detection functionality of AxiLona EL-100 and for preparing registrational filings for this functionality in China. We plan to initiate a clinical trial in China to evaluate the clinical safety and efficacy of the upgraded version of AxiLona EL-100 integrating both nucleic acid detection and protein detection functionalities. The related costs are expected to include trial implementation fees, clinical consulting fees, medical statistical analysis, preclinical research expenses, ethics committee review fees, costs for material and consumables, and labor costs of the R&D and regulatory teams. We plan to initiate this trial in the fourth quarter of 2026.

  - approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the registrational clinical trial in the U.S. for the nucleic acid detection functionality of AxiLona EL-100 and for preparing registrational filings for AxiLona EL-100 in the U.S. We completed pre-clinical type testing in the U.S. for AxiLona EL-100's nucleic acid detection functionality in March 2026, and plan to initiate a clinical trial in the U.S. in the third quarter of 2026 to evaluate the safety and efficacy of AxiLona EL-100 for its nucleic acid detection functionality.

  (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the commercialization of AxiLona EL-100, including expanding our

in-house sales and marketing team and conducting academic promotion to expand our market presence. We plan to allocate (a) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, to build a dedicated in-house salesforce with extensive industry background and proven sales records across both China and the U.S., to facilitate rapid market entry and drive market penetration; and (b) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, to support academic marketing initiatives with KOLs, physicians and researchers, provide market education to potential customers, as well as participate in various academic conferences and seminars, aimed at raising our brand awareness and publicizing our products.

(iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for upgrading the existing production line for AxiLona EL-100, primarily through the following ways: (i) insourcing previously outsourced processes to in-house manufacturing, thereby boosting gross margins and enhancing supply chain control; (ii) implementing automation in critical production steps to improve efficiency, scalability, and product-quality consistency ahead of broader commercial launch; and (iii) procuring additional equipment to lower unit production costs and expand capacity to meet anticipated market growth.

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for further development, commercialization and manufacturing of AxiLona AXP-100, of which:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for continued development, planned clinical trials and regulatory registrations of AxiLona AXP-100, of which

  - approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the continued upgrade and iteration of AxiLona AXP-100. Specifically, we plan to continuously optimize biochemical performance, enhance sequencing accuracy, establish multi-chip parallel processing capabilities, improve throughput, shorten detection process time, and reduce device size of AxiLona AXP-100. We completed the type testing for AxiLona AXP-100 in China in December 2025, and are currently working with clinical trial institution to develop and prepare the clinical trial protocol.

  - approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the registrational clinical trials in China and the U.S. for AxiLona AXP-100. We plan to launch clinical trials to assess its clinical safety and efficacy in both China and the U.S. by the third quarter of 2026 and the fourth quarter of 2026, respectively.

  (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the commercialization of AxiLona AXP-100, including expanding our in-house sales and marketing team and conducting academic promotion to expand our market presence. We plan to allocate (a) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, to build a dedicated in-house salesforce with extensive industry background and proven sales records across both China and the U.S.; and (b) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, to support continued academic marketing initiatives with KOLs, physicians and researchers, provide market education to potential customers, as well as participate in various academic conferences and seminars.

  (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the construction of production line for AxiLona AXP-100, and purchasing production equipment to build up our manufacturing capacity for AxiLona AXP-100. We plan to build a new production line for AxiLona AXP-100, which is expected to boost the annual production capacity by 1,000 units of instruments and 100 thousand sets of compatible test kits.

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the development of AxiLona AXP-1000 and our other pipeline products. We plan

to complete the design of AxiLona AXP-1000 in the third quarter of 2026, featuring a higher throughput sequencing chip with ten million nanopore channels, offering nearly ten times the throughput of the AxiLona AXP-100.

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to expand and strengthen our core technology platform to further solidify our unique integration of integrated circuits (IC), biotechnology (BT), and artificial intelligence (AI). Specifically, we plan to (i) build a dedicated bio-chip packaging and integration line that completes semiconductor bio-chip encapsulation and microfluidic-cartridge assembly in-house by 2026. This technical upgrade is anticipated to enhance the production efficiency of test kits compatible with AxiLona EL-100; (ii) launch an AI-powered enzyme-engineering service by creating a proprietary database of protein data (including sequence, structure, function, and expression) to develop predictive models for specific applications, such as enzymes for isothermal multiplex PCR or those with high-salt tolerance and high fidelity. This service will establish a fully automated, closed-loop "design-build-test-learn" cycle, where the AI automatically generates new designs based on screening results to greatly accelerate enzyme evolution. We expect to begin delivering this service by 2027. The enzymes and proteins produced from this platform can also be incorporated into the test kits compatible for our AxiLona EL-100 and AxiLona AXP-100; and (iii) purchase additional computing servers to increase data processing speed and bioinformatics analysis capabilities by 2027, such as to train our deep learning-based algorithms for base recognition.

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for working capital and general corporate purposes.

If the net [**REDACTED**] from the [**REDACTED**] exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If we urgently need the funds for the above purposes but cannot immediately obtain the net [**REDACTED**] from the [**REDACTED**], we will use self-raised funds to meet the relevant funding requirements and replace these self-raised funds with the net [**REDACTED**] from the [**REDACTED**] when the [**REDACTED**] become available to us. If the net [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit those net [**REDACTED**] into short term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions in Hong Kong and the PRC (as defined under the SFO and the applicable laws and regulations in the PRC).

If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**] million. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**] million. The above allocation of the net [**REDACTED**] from 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 indicative [**REDACTED**] range stated in this document.

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**] million, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range). In the event that the [**REDACTED**] is exercised, we intend to apply the additional net [**REDACTED**] to the above purposes in the proportions stated above.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*The following is the text of a report set out on pages [I-1] to [I-48] received from the Company's reporting accountants, Deloitte Touche Tohmatsu, 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 AXBIO INTERNATIONAL LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND SPDB INTERNATIONAL CAPITAL LIMITED

### Introduction

We report on the historical financial information of Axbio International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-4] to [I-48], which comprises the consolidated statements of financial position of the Group as at 31 December 2024 and 2025, the statements of financial position of the Company as at 31 December 2024 and 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended 31 December 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-48] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 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 of the Company, 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 Group's financial position as at 31 December 2024 and 2025, of the Company's financial position as at 31 December 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 3 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 adjustment to the Underlying Financial Statements as defined on page I-3 have been made.

***Dividends***

We refer to Note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
[Date]

## HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in United States Dollars ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | For the year ended 31 December | |
|---|---|---|---|
| | *NOTES* | **2024** | **2025** |
| | | *US$'000* | *US$'000* |
| Revenue | *5* | 479 | 1,210 |
| Cost of sales | | (175) | (374) |
| Gross profit | | 304 | 836 |
| Other income | *6a* | 2,063 | 1,007 |
| Other gains and losses | *6b* | (7,805) | (6,841) |
| Research and development expenses | | (11,412) | (8,925) |
| Administrative expenses | | (6,526) | (5,687) |
| Impairment losses recognised under expected credit loss model, net | *30* | – | (106) |
| [**REDACTED**] | | [**REDACTED**] | [**REDACTED**] |
| Finance costs | *7* | (90) | (115) |
| Loss before tax | | (23,466) | (22,272) |
| Income tax expense | *8* | – | – |
| Loss for the year | *9* | (23,466) | (22,272) |
| Other comprehensive (expense) income | | | |
| *Item that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences arising on translation of foreign operations | | (187) | 92 |
| Total comprehensive expense for the year | | (23,653) | (22,180) |
| Loss per share | *13* | | |
| – Basic (US$) | | (0.19) | (0.18) |
| – Diluted (US$) | | (0.19) | (0.18) |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | | At 31 December | |
|---|---|---|---|
| | *NOTES* | **2024** | **2025** |
| | | *US$'000* | *US$'000* |
| **Non-current assets** | | | |
| Property and equipment | *14* | 3,533 | 2,364 |
| Right-of-use assets | *15(a)* | 1,183 | 737 |
| Intangible asset | *16* | 527 | 502 |
| Other receivables, deposits and prepayments | *17* | 237 | 363 |
| | | 5,480 | 3,966 |
| **Current assets** | | | |
| Inventories | *18* | 326 | 1,141 |
| Trade receivables | *19* | 347 | 207 |
| Other receivables, deposits and prepayments | *17* | 2,124 | 2,884 |
| Bank balances and cash | *20* | 36,910 | 24,554 |
| | | 39,707 | 28,786 |
| **Current liabilities** | | | |
| Trade and other payables | *21* | 2,770 | 3,442 |
| Bank borrowings | *22* | 835 | 3,728 |
| Lease liabilities | *15(b)* | 814 | 623 |
| Contract liabilities | | 329 | 5 |
| Financial liabilities at fair value through profit or loss | *23* | 97,830 | 104,680 |
| Deferred income | *24* | 167 | 171 |
| | | 102,745 | 112,649 |
| **Net current liabilities** | | (63,038) | (83,863) |
| **Total assets less current liabilities** | | (57,558) | (79,897) |
| **Non-current liabilities** | | | |
| Lease liabilities | *15(b)* | 396 | 83 |
| Deferred income | *24* | 320 | 156 |
| | | 716 | 239 |
| Net liabilities | | (58,274) | (80,136) |
| **Capital and deficit** | | | |
| Share capital | *25* | 12 | 13 |
| Reserves | | (58,286) | (80,149) |
| **Total deficit** | | (58,274) | (80,136) |

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

| | | At 31 December | |
|---|---|---|---|
| | *NOTES* | **2024** | **2025** |
| | | *US$'000* | *US$'000* |
| **Non-current assets** | | | |
| Investments in subsidiaries | *32* | 53,356 | 59,175 |
| Amounts due from subsidiaries | *33* | 35,060 | 35,082 |
| | | 88,416 | 94,257 |
| **Current assets** | | | |
| Other receivables | *17* | 252 | 764 |
| Bank balances and cash | *20* | 29,964 | 23,102 |
| | | 30,216 | 23,866 |
| **Current liabilities** | | | |
| Amounts due to subsidiaries | *33* | 1,350 | 1,942 |
| Other payables | *21* | – | 505 |
| Financial liabilities at fair value through profit or loss | *23* | 97,830 | 104,680 |
| | | 99,180 | 107,127 |
| **Net current liabilities** | | (68,964) | (83,261) |
| **Net assets** | | 19,452 | 10,996 |
| **Capital and reserves** | | | |
| Share capital | *25* | 12 | 13 |
| Reserves | *26* | 19,440 | 10,983 |
| | | 19,452 | 10,996 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Share capital | Share premium | Shares issued for Equity Incentive Plan | Other reserves | Translation reserve | Share-based payments reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|---|---|
| | *US$'000* | *US$'000* | *US$'000 (note ii)* | *US$'000 (note i)* | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| At 1 January 2024 | 12 | 6,618 | –* | 18,726 | (777) | 3,057 | (60,955) | (33,319) |
| Loss for the year | – | – | – | – | – | – | (23,466) | (23,466) |
| Exchange differences arising on translation of foreign operations | – | – | – | – | (187) | – | – | (187) |
| Total comprehensive expense for the year | – | – | – | – | (187) | – | (23,466) | (23,653) |
| Recognition of equity settled share-based payments *(Note 28)* | – | – | – | – | – | 1,198 | – | 1,198 |
| Repurchase and cancellation of shares | –* | (2,500) | – | – | – | – | – | (2,500) |
| At 31 December 2024 | 12 | 4,118 | –* | 18,726 | (964) | 4,255 | (84,421) | (58,274) |
| Loss for the year | – | – | – | – | – | – | (22,272) | (22,272) |
| Exchange differences arising on translation of foreign operations | – | – | – | – | 92 | – | – | 92 |
| Total comprehensive income (expense) for the year | – | – | – | – | 92 | – | (22,272) | (22,180) |
| Recognition of equity settled share-based payments *(Note 28)* | – | – | – | – | – | 318 | – | 318 |
| Issue of shares under Equity Incentive Plan | 1 | – | (1) | – | – | – | – | – |
| Surrender of shares *(Note 25(d))* | –* | (10) | – | 10 | – | – | – | – |
| At 31 December 2025 | 13 | 4,108 | (1) | 18,736 | (872) | 4,573 | (106,693) | (80,136) |

* Represents amount less than US$1,000

*Notes:*

i. The other reserves mainly represent the capital premium over the amount of registered capital injected by the equity owners of the Company the effect arising from the group reorganisation completed in prior year.

ii. The shares issued to and held by Axbio Talent Limited under the Equity Incentive Plan, as defined and detailed in Note 28, were recognised as treasury shares by the Company and had been deducted from shareholders' equity as shown in the consolidated statements of changes in equity under "Shares issued for Equity Incentive Plan" reserve.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| OPERATING ACTIVITIES | | |
| Loss before tax | (23,466) | (22,272) |
| Adjustments for: | | |
| Finance costs | 90 | 115 |
| Interest income | (1,548) | (793) |
| Depreciation of property and equipment | 1,403 | 1,420 |
| Depreciation of right-of-use assets | 852 | 860 |
| Amortisation of intangible assets | 11 | 37 |
| Amortisation of deferred income | (169) | (168) |
| Impairment losses under expected credit loss model, net of reversal | – | 106 |
| Allowance (reversal of allowance) for inventories | 28 | (10) |
| Share-based payments expense | 1,198 | 318 |
| Changes in fair value of financial liabilities at fair value through profit or loss | 7,610 | 6,850 |
| Operating cash flows before movements in working capital | (13,991) | (13,537) |
| Increase in trade and other receivables | (1,006) | (233) |
| Increase in inventories | (112) | (784) |
| (Decrease) increase in trade and other payables | (2) | 562 |
| Increase (decrease) in contract liabilities | 107 | (326) |
| Cash used in operations | (15,004) | (14,318) |
| Income tax paid | – | – |
| NET CASH USED IN OPERATING ACTIVITIES | (15,004) | (14,318) |
| INVESTING ACTIVITIES | | |
| Interest received | 1,548 | 793 |
| Purchase of and deposits paid for property and equipment | (583) | (447) |
| Purchase of intangible asset | (543) | – |
| NET CASH FROM INVESTING ACTIVITIES | 422 | 346 |

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| FINANCING ACTIVITIES | | |
| Interest paid | (90) | (115) |
| Payment of issue costs | – | (267) |
| Repayments of lease liabilities | (860) | (915) |
| New bank loans raised | 843 | 3,668 |
| Repayment of bank borrowing | – | (840) |
| Repurchase of preferred shares | (2,500) | – |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | (2,607) | 1,531 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (17,189) | (12,441) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 54,260 | 36,910 |
| Effects of exchange rate changes | (161) | 85 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 36,910 | 24,554 |

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE TWO YEARS ENDED 31 DECEMBER 2024 AND 2025

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 September 2021. Its shareholders are Dr. Hui Tian, Dr. Igor Ivanov (the "Founders") and groups of institutional investors and individuals.

The principal activities of the Company and its subsidiaries (collectively the "Group") are developing high-performance molecular In-Vitro diagnostic technology and development and sales of medical equipment and provision of technical support services in the People's Republic of China (the "PRC") and the United States of America (the "USA").

The functional currency of the Company and the operating subsidiary incorporated in the USA is United States Dollars ("US$"). The functional currency of the PRC operating subsidiaries is Renminbi ("RMB"). The presentation currency of the Historical Financial Information is US$ as it best suits the needs of the shareholders and investors.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with the HKFRS Accounting Standards issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2025 consistently throughout the Track Record Period.

**New and amendments to HKFRS Accounting Standards in issue but not yet effective**

At the date of this report, the Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKAS 21 | Translation to a Hyperinflationary Presentation Currency[3] |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[2] |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-Dependent Electricity[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards – Volume 11[2] |
| HKFRS 18 | Presentation and Disclosure in Financial Statements[3] |

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2026.
[3] Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the Group's financial position and performance in the foreseeable future.

***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial position and performance of the Group.

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

As of 31 December 2025, the Group had net current liabilities of US$83,863,000, net liabilities of US$80,136,000 and accumulated losses of US$106,693,000. According to the Memorandum and Articles of Association of the Company, the preferred shares are redeemable at the option of the holders at any time if the Company fails to complete an [**REDACTED**] before 31 December 2026 or the occurrence of certain other events. The relevant terms of the preferred shares have been further amended subsequently in February 2026 and details are disclosed in Note 23. The directors of the Company are of the opinion that the preferred shares will not have cash flow impact to the Group in the next twelve months from the date of this report as they consider the redemption events are unlikely to occur in the next twelve months from the date of this report.

Taking into account of the facts or views that the Group generated cash flow out of US$12,441,000 for the year ended 31 December 2025, the Group has bank balances and cash of US$24,554,000 and available unutilised bank facilities of US$2,532,000 as at 31 December 2025 and the financial liabilities at FVTPL included in current liabilities with carrying amount of US$104,680,000 was expected not to have cash flow impact to the Group in the next twelve months from the date of this report, the Group has performed a cash flow projection for the next twelve months. Accordingly, the directors of the Company believe that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of the report. Accordingly, the directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

**Basis of consolidation**

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Revenue from contracts with customers**

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

**Leases**

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

***The Group as a lessee***

*Short-term leases*

The Group applies the short-term lease recognition exemption to 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 are recognised as expense on a straight-line basis or another systematic basis over the lease term.

*Right-of-use assets*

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

*Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment, or a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

**Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

**Employee benefits**

***Retirement benefit costs***

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**Short-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

**Share-based payments**

***Equity-settled share-based payment transactions***

*Shares options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium.

*Share options granted to non-employees*

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

**Property and equipment**

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Intangible assets**

***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

**Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill**

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

***Financial assets***

*Classification and subsequent measurement of financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

*Impairment of financial assets subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables, deposits, amounts due from subsidiaries and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables that are not credit-impaired are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

*Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses).

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

***Financial liabilities and equity***

*Classification as debt or equity*

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 a financial liability and an equity instrument.

*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. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 Business Combinations applies, (ii) held for trading or (iii) it is designated as at FVTPL.

*Financial liabilities at amortised cost*

Financial liabilities including bank borrowings, trade and other payables and amounts due to subsidiaries are subsequently measured at amortised cost, using the effective interest method.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

**Investments in subsidiaries**

Investments in subsidiaries is stated in the statements of financial position of the Company at cost less any identified impairment loss.

## 4. KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

***Fair value measurement of financial instruments***

As at 31 December 2024 and 2025, certain of the Group's financial liabilities, Series A-1 and Series B preference shares, amounting to US$97,830,000 and US$104,680,000 respectively, are measured at fair value which being determined based on significant unobservable inputs using valuation techniques and involving judgements and estimation in establishing the relevant valuation techniques and the relevant inputs thereof. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 23 for further disclosures.

## 5. REVENUE AND SEGMENT INFORMATION

**Revenue**

***(i) Disaggregation of revenue from contracts with customers***

The following is an analysis of the Group's revenue from its major products:

*At a point in time*

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Sales of goods | 479 | 1,210 |

***(ii) Performance obligations for contracts with customers***

For sales of goods to customers, revenue is recognised at a point in time when control of the goods has passed to customers, i.e. when the products have been delivered and titles have passed to customers upon received by customers. All contracts with customers are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

**Segment Information**

For the purpose of resource allocation and assessment of performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating and reportable segment and no further analysis of the single segment is presented.

**Geographical Information**

The Group's operations and non-current assets are mainly located at the US and the mainland of the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

| | Non-current assets excluding financial instruments | |
|---|---|---|
| | At 31 December | |
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| The US | 1,044 | 589 |
| The PRC | 4,213 | 3,272 |
| | 5,257 | 3,861 |

*Note:* Non-current assets excluded non-current portion of rental deposits.

**6a. OTHER INCOME**

| | For the year ended 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| Bank interest income | 1,548 | 793 |
| Government grants *(Note)* | 513 | 205 |
| Others | 2 | 9 |
| | 2,063 | 1,007 |

*Note:* During the years ended 31 December 2024 and 2025, the government grants include subsidies received to encourage research and development amounting to US$344,000, and US$37,000, respectively which was recognised in the consolidated statement of profit or loss upon receipt of these rewards and the related conditions associated with the rewards are met, if any. There are no unfulfilled conditions or contingencies relating to these grants.

The remaining portion of government grants related to subsidies received for i) the cost of leasehold improvements; and ii) specific research and development project, which were recognised in the statement of profit or loss over the useful lives of relevant assets as detailed in Note 24.

## 6b. OTHER GAINS AND LOSSES

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Changes in fair value of financial liabilities at FVTPL | (7,610) | (6,850) |
| Net foreign exchange gain (loss) | 2 | (2) |
| Others | (197) | 11 |
| | (7,805) | (6,841) |

## 7. FINANCE COSTS

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Interests on: | | |
| Bank borrowings | 1 | 58 |
| Lease liabilities | 89 | 57 |
| | 90 | 115 |

## 8. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands and is exempted from income tax for the Track Record Period.

For the years ended 31 December 2024 and 2025, Axbio Inc. is a taxable corporation for U.S. income tax purpose, which is subject to U.S. federal income tax and applicable state income tax. The U.S. federal statutory tax rate is 21% and state income tax rate varies by state and locality but is up to 8.84%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the enterprise income tax ("EIT") rate of the PRC subsidiaries is 25% during the Track Record Period except that Anxuyuan Biotechnology (Shenzhen) Co., Limited ("Anxuyuan Shenzhen") which is operated in the PRC is qualified as "High and New Technology Enterprises" and entitled to a preferential EIT rate of 15% since 2022 with a valid period of three years until 14 December 2025. On 25 December 2025, the valid period has been further extended until 25 December 2028.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2022 onwards, enterprises engaged in research and development activities are entitled to claim 100% of the research and development expenses incurred in a year as extra tax deductible expenses in determining the taxable income for that year ("Super Deduction"). Anxuyuan Shenzhen has claimed such Super Deduction in determining its tax assessable profits for the years ended 31 December 2024 and 2025.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Track Record Period.

No provision for taxation has been made since all subsidiaries of the Company have no assessable profits during the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Loss before tax | (23,466) | (22,272) |
| Income tax expense calculated at 25% | (5,867) | (5,568) |
| Tax effect of expenses not deductible for tax purpose | 2,104 | 2,155 |
| Tax effect of income not taxable for tax purpose | (42) | (42) |
| Tax effect of Super Deduction | (969) | (1,038) |
| Tax effect of tax losses not recognised | 3,691 | 3,511 |
| Effect of different tax rates under other jurisdiction | 297 | 269 |
| Tax effect of preferential tax rate | 764 | 720 |
| Others | 22 | (7) |
| Income tax expense recognised in profit or loss | – | – |

At 31 December 2024 and 2025, the Group has unrecognised tax losses of approximately US$83,459,000 and US$101,572,000, respectively, subject to final confirmation of relevant tax authorities. No deferred tax asset has been recognised in respect of the tax losses or temporary differences due to the unpredictability of future profit streams. Included in unrecognised tax losses as at 31 December 2024 and 2025 are the amounts of US$37,442,000 and US$48,837,000, respectively which were incurred by the PRC operating subsidiary and will expire from 2025 to 2034 and from 2026 to 2035, respectively. The remaining unused tax losses, which are related to Axbio Inc. and Axbio Hong Kong Limited will carry forward indefinitely.

## 9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Depreciation of property and equipment | 1,403 | 1,420 |
| Depreciation of right-of-use assets | 852 | 860 |
| Amortisation of intangible assets | 11 | 37 |
| Total depreciation and amortisation | 2,266 | 2,317 |
| Auditor's remuneration | 1 | 5 |
| Cost of inventories recognised as expense | 175 | 374 |
| Write-down (reversals of write-down) of inventories (included in cost of inventories recognised as expense) | 28 | (10) |
| Directors' and chief executive's emoluments *(Note 10)* | 584 | 495 |
| Other staff costs: | | |
| Salaries, allowances and other benefits in kind | 8,586 | 6,404 |
| Retirement benefit scheme contributions | 347 | 172 |
| Share-based payments expense | 1,198 | 318 |
| Total staff costs | 10,715 | 7,389 |
| **[REDACTED]** | **[REDACTED]** | **[REDACTED]** |

## 10. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Directors' and chief executive officer's remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

| | Fees | Salaries and other benefits | Retirement benefits scheme contributions | Total |
|---|---|---|---|---|
| | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| **For the year ended 31 December 2024** | | | | |
| *Executive directors:* | | | | |
| Dr. Hui Tian *(Chairman and Chief executive officer)* | – | 301 | – | 301 |
| Dr. Igor Ivanov | – | 283 | – | 283 |
| *Non-executive Directors:* | | | | |
| Mr. Bing Chen | – | – | – | – |
| Mr. Xutian Jing | – | – | – | – |
| Mr. Lizi Bie | – | – | – | – |
| | – | 584 | – | 584 |
| **For the year ended 31 December 2025** | | | | |
| *Executive directors:* | | | | |
| Dr. Hui Tian *(Chairman and Chief executive officer)* | – | 255 | – | 255 |
| Dr. Igor Ivanov | – | 240 | – | 240 |
| *Non-executive Directors:* | | | | |
| Mr. Bing Chen | – | – | – | – |
| Mr. Xutian Jing | – | – | – | – |
| Mr. Lizi Bie | – | – | – | – |
| | – | 495 | – | 495 |

*Notes:*

(i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. None of the directors of the Company waived any emoluments during the Track Record Period.

(ii) During the Track Record Period, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

## 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included 2 and 2 directors of the Group for the years ended 31 December 2024 and 2025, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining, 3 and 3 highest paid employees for the years ended 31 December 2024 and 2025, respectively, are as follows:

| | For the year ended 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| Salaries, allowances and benefits in kind | 641 | 572 |
| Share-based payments expense | 72 | 60 |
| | 713 | 632 |

The emoluments of these employees (excluding directors) are within the following bands:

| | For the year ended 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *No. of employees* | *No. of employees* |
| HK$1,500,001 to HK$2,000,000 | 2 | 3 |
| HK$2,000,001 to HK$2,500,000 | 1 | – |
| | 3 | 3 |

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

## 12. DIVIDEND

No dividend was declared or paid by the Group in respect of the Track Record Period nor has any dividend been proposed since the end of the Track Record Period.

## 13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

| | For the year ended 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| Loss for the purpose of basic and diluted loss per share | (23,466) | (22,272) |

Number of shares

| | For the year ended 31 December | |
|---|---|---|
| | 2024 | 2025 |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | 121,211,951 | 121,057,134 |

For the purpose of calculation of basic loss per share, the number of shares held by the Group for the Equity Incentive Plan (as defined in note 28) has been excluded from the calculation of the weighted average number of ordinary shares.

As Series Seed Preferred Shares and Series A Preferred Shares are classified as equity instrument and have the same rights to receive dividends as ordinary shares (Note 25), Series Seed Preferred Shares and Series A Preferred Shares are treated as ordinary shares for the purpose of calculating basic and diluted loss per share.

For the years ended 31 December 2024 and 2025, the convertible preference shares and ordinary shares held for Equity Incentive Plan in respect of outstanding share options were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. Accordingly, diluted loss per share for years ended 31 December 2024 and 2025 are the same as the basic loss per share for the respective year.

## 14. PROPERTY AND EQUIPMENT

**The Group**

| | Leasehold Improvements | Research and development equipment | Office fixtures and equipment | Manufacturing equipment | Total |
|---|---|---|---|---|---|
| | *US$'000* | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| COST | | | | | |
| At 1 January 2024 | 2,841 | 2,284 | 453 | 539 | 6,117 |
| Additions | 22 | 525 | 73 | 5 | 625 |
| Exchange adjustments | (40) | (18) | (6) | (9) | (73) |
| At 31 December 2024 | 2,823 | 2,791 | 520 | 535 | 6,669 |
| Additions | – | 204 | – | – | 204 |
| Exchange adjustments | 61 | 37 | 10 | 12 | 120 |
| At 31 December 2025 | 2,884 | 3,032 | 530 | 547 | 6,993 |
| DEPRECIATION | | | | | |
| At 1 January 2024 | 508 | 845 | 229 | 181 | 1,763 |
| Provided for the year | 575 | 541 | 115 | 172 | 1,403 |
| Exchange adjustments | (13) | (8) | (3) | (6) | (30) |
| At 31 December 2024 | 1,070 | 1,378 | 341 | 347 | 3,136 |
| Provided for the year | 566 | 609 | 106 | 139 | 1,420 |
| Exchange adjustments | 34 | 21 | 10 | 8 | 73 |
| At 31 December 2025 | 1,670 | 2,008 | 457 | 494 | 4,629 |
| CARRYING VALUES | | | | | |
| At 31 December 2024 | 1,753 | 1,413 | 179 | 188 | 3,533 |
| At 31 December 2025 | 1,214 | 1,024 | 73 | 53 | 2,364 |

The above items of property and equipment are depreciated on a straight-line basis at the rate per annum as follows:

| | |
|---|---|
| Leasehold improvements | Over the term of the lease |
| Research and development equipment | 33% |
| Office fixtures and equipment | 33% |
| Manufacturing equipment | 33% |

During the Track Record Period and at the end of each reporting period, no indication of the impairment for property and equipment was identified.

## 15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

**The Group**

***(a) Right-of-use assets***

| | Leased properties |
|---|---|
| | *US$'000* |
| **Carrying amounts** | |
| At 31 December 2024 | 1,183 |
| At 31 December 2025 | 737 |
| **Amortisation charge** | |
| For the year ended 31 December 2024 | 852 |
| For the year ended 31 December 2025 | 860 |

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Expense relating to short-term leases | 61 | 54 |
| Total cash outflow for leases | 1,010 | 1,026 |
| Additions to right-of-use assets | 648 | 398 |

During the years ended 31 December 2024 and 2025, the Group leases properties for its office premises. Lease contracts are entered into for fixed term of 19 months to 5 years. There were no extension or termination options in the lease contract. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarter. For each of the reporting period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in above.

In addition, as at 31 December 2024 and 2025, lease liabilities of US$1,210,000 and US$706,000 are recognised with related right-of-use assets of US$1,183,000 and US$737,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

During the Track Record Period and at the end of each reporting period, no indication of the impairment for right-of-use assets was identified.

*(b) Lease liabilities*

| | At 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| Lease liabilities payable: | | |
| Within one year | 814 | 623 |
| Within a period of more than one year but not more than two years | 314 | 83 |
| Within a period of more than two years but not exceeding five years | 82 | – |
| | 1,210 | 706 |
| Less: Amount due for settlement with 12 months shown under current liabilities | (814) | (623) |
| Amount due for settlement after 12 months shown under non-current liabilities | 396 | 83 |

The weighted average incremental borrowing rate applied to lease liabilities are ranged from 4.59% to 9.17% and from 4.59% to 9.17% as at 31 December 2024 and 2025, respectively.

## 16. INTANGIBLE ASSET

**The Group**

| | Patents |
|---|---|
| | *US$'000* |
| COST | |
| At 1 January 2024 | – |
| Additions | 543 |
| Exchange alignment | (5) |
| At 31 December 2024 | 538 |
| Exchange alignment | 12 |
| At 31 December 2025 | 550 |
| AMORTISATION | |
| At 1 January 2024 | – |
| Provided for the year | (11) |
| At 31 December 2024 | (11) |
| Provided for the year | (37) |
| At 31 December 2025 | (48) |
| CARRYING VALUES | |
| At 31 December 2024 | 527 |
| At 31 December 2025 | 502 |

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over 15 to 15.2 years.

During the Track Record Period and at the end of each reporting period, no indication of the impairment for intangible asset was identified.

## 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

**The Group**

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Tax recoverable | 1,234 | 1,479 |
| Prepayments for research and development service | 458 | 482 |
| Rental deposits | 277 | 260 |
| Other prepayments | 110 | 337 |
| Deferred issue costs | – | 328 |
| Others | 282 | 361 |
| | 2,361 | 3,247 |
| Represented by: | | |
| Non-current | 237 | 363 |
| Current | 2,124 | 2,884 |
| | 2,361 | 3,247 |

**The Company**

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Tax recoverable | 144 | 203 |
| Deferred issue costs | – | 328 |
| Others | 108 | 233 |
| | 252 | 764 |

Details of impairment assessment of other receivables, deposits and prepayments are set out in note 30.

## 18. INVENTORIES

**The Group**

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Raw materials and consumables | 149 | 199 |
| Finished goods | 205 | 960 |
| | 354 | 1,159 |
| Less: allowance for inventories | (28) | (18) |
| | 326 | 1,141 |

During the year ended 31 December 2025, there was a significant increase in the net realisable value of finished goods due to market shortage. As a result, a reversal of allowance of US$10,000 has been recognised and included in cost of sales.

## 19. TRADE RECEIVABLES

**The Group**

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Trade receivables | 347 | 207 |

As at 1 January 2024, trade receivables from contracts with customers amounted to nil.

The Group usually provides customers with a credit term from 30 to 90 days. The ageing of the trade receivables as at 31 December 2024 and 2025, based on the date of revenue recognition, is less than 90 days.

Details of impairment assessment of trade receivables are set out in note 30.

## 20. BANK BALANCES AND CASH

**The Group and the Company**

Bank balances and cash include demand deposits and short-term deposits with original maturity of three months or less for the purpose of meeting the Group's and the Company's short term cash commitments, which carry interest at market rates range from 0% to 4.62% and from 0% to 3.71% per annum at 31 December 2024 and 2025.

## 21. TRADE AND OTHER PAYABLES

**The Group**

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Trade payables | 14 | 494 |
| Payroll payables | 2,175 | 1,837 |
| Accrued [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Accrued issue costs | – | 61 |
| Other payables | 581 | 691 |
| | 2,770 | 3,442 |

The credit period on trade payables is 14 days. The ageing of the trade payables as at 31 December 2024 and 2025, based on the suppliers' invoice dates, is less than 90 days.

**The Company**

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Accrued [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Other payables | – | 85 |
| Accrued issue costs | – | 61 |
| | – | 505 |

## 22. BANK BORROWINGS

**The Group**

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Unsecured and unguaranteed | 835 | 3,728 |

*Note:* As at 31 December 2024 and 2025, the bank borrowings carried at fixed weighted average interest rate of 3.05% and 3.10% per annum, respectively, and the interests are calculated and settled on a monthly basis.

The carrying amounts of the above bank borrowings are analysed based on contractual repayment date as follows:

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Within one year | 835 | 3,728 |
| Less: Amounts due within one year classified under current liabilities | (835) | (3,728) |
| Amounts shown under non-current liabilities | – | – |

## 23. FINANCIAL LIABILITIES AT FVTPL

**The Group and the Company**

| | **Date of issue** | **Total number of preferred shares issue** | **Subscription price per preferred share** | **Total** |
|---|---|---|---|---|
| | | | *US$* | *US$'000* |
| Series A-1 Preferred Shares | | | | |
| – Tranche 1 | 29 October 2021 | 9,053,597 | 1.6568 | 15,000 |
| – Tranche 2 | 27 April 2022 | 3,017,866 | 1.6568 | 5,000 |
| – Tranche 3 *(Note)* | 7 June 2022 | 484,016 | – | – |
| | | 12,555,479 | | 20,000 |
| Series B Preferred Shares | | | | |
| – Tranche 1 | 7 June 2022 | 21,461,376 | 1.8638 | 40,000 |
| – Tranche 2 | 18 August 2022 | 5,365,344 | 1.8638 | 10,000 |
| – Tranche 3 | 17 March 2023 | 10,730,688 | 1.8638 | 20,000 |
| | | 37,557,408 | | 70,000 |

*Note:* On 7 June 2022, 484,016 nil-paid Series A-1 Preferred Shares were allotted and issued to the Series A-1 Investors in connection with the Equity Incentive Plan (as defined in Note 28).

In accordance with the investment agreements of Series A-1 Preferred Shares and Series B Preferred Shares, the investors were granted with certain preferred rights (the "Preferred Rights") upon capital contribution. The Preferred Rights mainly included the followings:

*(a) Dividend rights*

When as and if declared by the board of directors of the Company, Series B Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on other preferred shares and ordinary shares at an annual rate of 6.8% of the applicable issue price of Series B Preferred Shares. After payment in full on Series B Preferred Shares, Series A-1 Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on other preferred shares and ordinary shares at the rate per annum of US$0.1127 per share. A dividend is payable only when funds are legally available and only when, as and if declared by the board of directors of the Company. During the Track Record Period, the board of directors of the Company has not declared any dividends.

*(b) Conversion feature*

Series A-1 and B Preferred Shares are convertible, at the option of the holder thereof, at any time after the date of issuance of respective series of preferred shares, into that number of ordinary shares determined by dividing the original issue price for the relevant series by the conversion price for such series. The initial conversion price is the original purchase price of Series A-1 Preferred Shares and Series B Preferred Shares, which are US$1.6568 and US$1.8638 respectively, and may be adjusted if the consideration per share for the additional ordinary shares issued by the Company is less than the Series A-1 Preferred Share conversion price or the Series B Preferred Share conversion price, as appropriate. As at 31 December 2024 and 2025, the applicable conversion ratio for Series A-1 Preferred Shares was 1:1 and 1:1 respectively and that for Series B Preferred Shares was 1:1 and 1:1 respectively.

Series A-1 and B Preferred Shares shall automatically be converted into ordinary shares at the then effective conversion rate for such share immediately prior to the closing of a qualified public offering, which means initial public offering on the New York Stock Exchange, the NASDAQ Stock Market's Global Market System, the Main Board of the Hong Kong Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange or any other exchange of recognised international reputation and standing duly approved by the holders of more than fifty percent (50%) of the voting power of the issued and outstanding Series A Preferred Shares (as defined in Note 25) and Series A-1 Preferred Shares ("Junior Preferred Majority") and the holders of more than two-thirds (2/3) of the voting power of the issued and outstanding Series B Preferred Shares, with the market capitalisation of the Company immediately following the completion of such initial public offering of no less than US$1,500,000,000 (prior to customary underwriters' commissions and expenses), on a fully-diluted basis, or such other valuation approved by the Junior Preferred Majority and holders of more than eighty percent (80%) of the voting power of the issued and outstanding Series B Preferred Shares ("Qualified Public Offering").

*(c) Redemption*

Series A-1 and Series B Preferred Shares investors may require the Company to redeem their investments if the Company fails to consummate a Qualified Public Offering by 31 December 2026, at the redemption price the original purchase price, adjusted for any share splits, share dividends, recapitalization and events with similar effect, plus a simple interest rate of 10% per annum accruing from the original issue date until the date of redemption plus all declared but unpaid dividends.

Pursuant to the amendment to the investors' rights agreement dated 30 April 2025 ("2025 Amendment"), the redemption rights in respect of the Series A-1 and Series B Preferred Shares, ceased to be exercisable immediately before the first filing of the [**REDACTED**] by the Company with the Stock Exchange, and shall resume to be exercisable in accordance with below terms upon the earliest of (a) the rejection of the Company's [**REDACTED**] by the Stock Exchange; (b) the Company serving a written notice of withdrawal of its [**REDACTED**] to the Stock Exchange; or (c) 18 months (which may be extended as may be mutually agreed upon by the Company and holders of the Series B Preferred Share) from the first submission of the Company's first [**REDACTED**] form to the Stock Exchange.

Pursuant to the amendment to the investors' rights agreement dated 28 February 2026 ("2026 Amendment"), the date on which the redemption rights shall resume to be exercisable under clause (c) of 2025 Amendment is amended to be 30 June 2027. All other terms and conditions in 2025 Amendment remain unchanged.

Considering the contingency relating to the reinstatement and restoration of the redemption rights is outside the control of the Company, the relevant financial liabilities are assessed to continue to be accounted for as financial liabilities measured at FVTPL after the signing of the amendments to the investors' rights agreements.

*(d) Liquidation preferences*

In the event of any liquidation event (including customarily-deemed-liquidation events such as acquisition), whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed to the shareholders of the Company as follows:

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, outstanding Series A-1 Preferred Shares and Series B Preferred Shares are entitled to be paid in full out of the Company's assets available for distribution before payment on ordinary shares in the following order: (i) on Series B Preferred Shares, the sum of (a) US$1.8638 for each Series B Preferred Shares, (b) an interest at the rate of 5% per annum (accruing daily and compounding annually from the Series B Preferred Shares issuance date) and (c) any dividends accrued or declared but unpaid; (ii) on Series A-1 Preferred Shares, the sum of (a) US$1.6568 for each Series A-1 Preferred Share, (b) an interest at the rate of 5% per annum (accruing daily and compounding annually from the Series A-1 Preferred Shares issuance date) and (c) any dividends accrued or declared but unpaid. Any remaining net assets of the Company are distributed to all shareholders on a pro-rata basis.

*(e) Voting rights*

The voting, dividend and liquidation rights of ordinary shares are subject to the rights, powers and preferences of preferred shares. Ordinary shares are entitled to one vote per share at all meetings of shareholders. There is no cumulative voting right. On any matter presented to shareholders of the Company for their action or consideration at any meeting of shareholders, each holder of preferred shares is entitled to the number of votes equal to the number of whole shares of ordinary shares into which preferred shares are convertible. Holders of preferred shares shall vote together with the holders of ordinary shares as a single class.

**Presentation and Classification**

The directors of the Company considered that the Series A-1 and Series B Preferred Shares issued by the Company are accounted for as financial liabilities measured at FVTPL.

The directors of the Company also considered that the changes in the fair value of the Series A-1 and Series B Preferred Shares attributable to the change in credit risk of these financial liabilities are minimal. Changes in fair value of the Series A-1 and Series B Preferred Shares not attributable to the change in credit risk of the financial liabilities are charged to profit or loss and presented as "changes in fair value of financial liabilities at FVTPL".

The Series A-1 and Series B Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), which has appropriate qualifications and experiences in valuation of similar instruments. The address of the JLL is Room 801, Jinghui Building, No.118 Jianguo Road Yi, Chaoyang District, Beijing 100022, China.

As at 31 December 2024 and 2025, the directors of the Company used the discounted cash flows method to determine the underlying share value of the Company and applied the hybrid method to perform an equity allocation to arrive the fair value of the Series A-1 and Series B Preferred Shares.

The key valuation assumptions used in discounted cash flows method to determine the fair value of the Series A-1 and Series B Preferred Shares are as follows:

***Discounted cash flows method***

| | As at 31 December | |
|---|---|---|
| | **2024** | **2025** |
| Probability for liquidation | 20% | 15% |
| Probability for redemption | 20% | 15% |
| Probability for initial public offering | 60% | 70% |
| Expected volatility value | 44.48% | 48.76% |
| Expected dividend yield | 0% | 0% |
| Risk-free rate | 4.25% | 3.48% |
| Discount rate | 20.70% | 21.00% |

The movements of the financial liabilities at FVTPL are set out as below:

| | *US$'000* |
|---|---|
| At 1 January 2024 | 90,220 |
| Change in fair value of financial liabilities at FVTPL | 7,610 |
| At 31 December 2024 | 97,830 |
| Change in fair value of financial liabilities at FVTPL | 6,850 |
| At 31 December 2025 | 104,680 |

## 24. DEFERRED INCOME

**The Group**

During the year ended 31 December 2023, the Group received a government subsidy of approximately US$852,000 towards the cost of leasehold improvements of its office in PRC. The amount received in respect of the leasehold improvements cost of the office was applied after all the renovation costs have been paid. The amount has been treated as deferred income. The amount is transferred to other income in the form of reduced depreciation charges over the lease term of the relevant right-of-use assets. This policy has resulted in a credit to income of US$169,000 and US$168,000 for the years ended 31 December 2024 and 2025, respectively. As at 31 December 2024 and 2025, an amount of US$487,000 and US$327,000 remains to be amortised respectively.

## 25. SHARE CAPITAL AND TREASURY SHARES

**The Company**

| | **Number of Shares** | **Nominal value** |
|---|---|---|
| | | *US$'000* |
| **Authorised:** | | |
| At 1 January 2024, 31 December 2024 and 2025 | | |
| Ordinary shares of USD0.0001 each | 415,856,766 | 42 |
| Series Seed Preferred Shares of USD0.0001 each *(note a)* | 22,260,460 | 2 |
| Series A Preferred Shares of USD0.0001 each *(note b)* | 11,650,330 | 1 |
| | 449,767,556 | 45 |

| | **Number of Shares** | **Share capital** |
|---|---|---|
| | | *US$'000* |
| **Issued and fully paid share capital:** | | |
| At 1 January 2024 | 125,943,040 | 12 |
| Shares repurchased and cancelled *(note c)* | (1,341,336) | –* |
| At 31 December 2024 | 124,601,704 | 12 |
| Shares surrendered and cancelled *(note d)* | (62,500) | –* |
| Shares issued for Equity Incentive Plan *(note e)* | 6,788,610 | 1 |
| At 31 December 2025 | 131,327,814 | 13 |

| | Number of Shares | Treasury shares |
|---|---|---|
| | | *US$'000* |
| **Treasury shares:** | | |
| At 1 January 2024 and 31 December 2024 | 3,500,000 | –* |
| Shares issued for Equity Incentive Plan *(note e)* | 6,788,610 | 1 |
| At 31 December 2025 | 10,288,610 | 1 |

* Represents amount less than US$1,000

*Notes:*

(a) The Company issued 22,260,460 preferred shares ("Series Seed Preferred Shares") to the investors of the Company at an aggregate consideration of approximately US$9,750,000.

(b) On 15 October 2021, the Company issued 11,650,330 preferred shares ("Series A Preferred Shares") to the investors of the Company at an aggregate consideration of approximately US$18,440,000.

(c) On 15 March 2023, pursuant to the share repurchase agreement entered into between the Company and Shantou Huarun Innovation Equity Investment Fund Partnership (Limited Partnership), the Company agrees to repurchase 1,341,336 Series A Preferred Shares of the Company, par value US$0.0001 per share, free and clear of any lien, claim, restriction upon transfer, option, charge, security interest or other encumbrance, at the per share repurchase price of US$1.8638, amounting to a total repurchase price of US$2,500,000. The transfer has been completed at 30 January 2024 and the repurchased Series A Preferred Shares have been cancelled at 1 February 2024.

(d) On 15 April 2025, one of the shareholders (the "Surrendering Member") surrendered to the Company 62,500 ordinary shares (the "Surrender Shares") registered in the name of the Surrendering Member in the register of members of the Company free of any consideration or any liens, encumbrances or other restrictions thereon. The Surrender Shares have been cancelled on 15 April 2025.

(e) On 15 April 2025, the Company issued 6,788,610 ordinary shares to Axbio Talent Limited, the Equity Incentive Plan platform of the Company, for the purpose of the equity incentive grant to Eligible Persons (as defined in note 28).

The Series Seed and Series A Preferred Shares issued by the Company are classified as equity instruments since they are non-redeemable, nor does the Company have any contractual obligation to deliver cash or other financial assets to another party. Furthermore, the Company, as the issuer of these shares does not have any obligations to issue a variable number of its own equity instruments or deliver shares with a fixed value or a value based on changes in an underlying variable at the dates of issue and at the end of each reporting period.

## 26. RESERVES OF THE COMPANY

| | Share premium | Shares issued for Equity Incentive Plan | Other reserve | Share-based payment reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|
| | *US$'000* | *US$'000* | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| At 1 January 2024 | 6,618 | –* | 18,726 | 3,057 | (292) | 28,109 |
| Loss for the year | – | – | – | – | (7,367) | (7,367) |
| Repurchase of preferred shares | (2,500) | – | – | – | – | (2,500) |
| Recognition of equity settled share-based payments *(Note 28)* | – | – | – | 1,198 | – | 1,198 |
| At 31 December 2024 | 4,118 | –* | 18,726 | 4,255 | (7,659) | 19,440 |
| Loss for the year | – | – | – | – | (8,774) | (8,774) |
| Issue of shares under Equity Incentive Plan | – | (1) | – | – | – | (1) |
| Surrender of shares | (10) | – | 10 | – | – | – |
| Recognition of equity settled share-based payments *(Note 28)* | – | – | – | 318 | – | 318 |
| At 31 December 2025 | 4,108 | (1) | 18,736 | 4,573 | (16,433) | 10,983 |

* Represents amount less than US$1,000

## 27. RELATED PARTY TRANSACTIONS

Save for disclosed in elsewhere of the Historical Financial Information, the Group has the following transactions with the related parties during the Track Record Period:

**Compensation of key management personnel**

The directors of the Company were considered to be the key management personnel of the Company. The remuneration of the directors of the Company, chief executive officer and other members of key management of the Group during the Track Record Period was as follows:

| | For the year ended 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| Salaries, allowances and other benefits in kind | 584 | 495 |

## 28. SHARE-BASED PAYMENTS

The Company adopted equity incentive plan on 6 January 2023, which replaced the previous equity incentive plan adopted by Axbio Inc. on 18 December 2017 ("Equity Incentive Plan"). The primary purpose of the Equity Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing means through which the Company may grant equity-based incentives to attract, motivate, retain and reward employees, directors and consultants (the "Eligible Persons") and to further link the Eligible Persons' interests with those of the Company's shareholders generally.

**(a) Share option scheme**

At 31 December 2024 and 2025, the number of shares in respect of which options had been granted and remained outstanding under the Equity Incentive Plan was 7,816,264 and 5,005,000 respectively.

Set out below are details of the movements of the outstanding options granted under the Equity Incentive Plan during the years ended 31 December 2024 and 2025:

**For the year ended 31 December 2024**

| | Date of grant | Vesting period | Exercisable period | Exercise price | Outstanding as at 1.1.2024 | Granted during the year | Exercised during the year | Forfeited during the year | Outstanding as at 31.12.2024 |
|---|---|---|---|---|---|---|---|---|---|
| Employees | 18 December 2017 | Note 1 | Note 2 | US$0.16 | 2,150,000 | – | – | 1,000,000 | 1,150,000 |
| Non-employees | 18 December 2017 | Note 1 | Note 2 | US$0.16 | 300,000 | – | – | – | 300,000 |
| Employees | 14 May 2018 | Note 1 | Note 2 | US$0.16 | 1,400,000 | – | – | – | 1,400,000 |
| Employees | 1 January 2022 | Note 1 | Note 2 | US$0.46 | 3,066,375 | – | – | 573,902 | 2,492,473 |
| Non-employees | 1 January 2022 | Note 1 | Note 2 | US$0.46 | 340,000 | – | – | – | 340,000 |
| Non-employees | 1 January 2023 | Note 1 | Note 2 | US$0.46 | 715,000 | – | – | – | 715,000 |
| Employees | 18 April 2024 | Note 1 | Note 2 | US$0.46 | – | 508,791 | – | – | 508,791 |
| Non-employees | 23 April 2024 | Note 1 | Note 2 | US$0.46 | – | 910,000 | – | – | 910,000 |
| | | | | | 7,971,375 | 1,418,791 | – | 1,573,902 | 7,816,264 |
| Exercisable at the end of the year | | | | | | | | | 5,568,854 |
| Weighted average exercise price | | | | | US$0.32 | US$0.46 | – | US$0.27 | US$0.35 |

**For the year ended 31 December 2025**

| | Date of grant | Vesting period | Exercisable period | Exercise price | Outstanding as at 1.1.2025 | Granted during the year | Exercised during the year | Substituted during the year | Forfeited during the year | Outstanding as at 31.12.2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | *(Note 4)* | | |
| Employees | 18 December 2017 | Note 1 | Note 2 | US$0.16 | 1,150,000 | – | – | – | – | 1,150,000 |
| Non-employees | 18 December 2017 | Note 1 | Note 2 | US$0.16 | 300,000 | – | – | – | – | 300,000 |
| Employees | 14 May 2018 | Note 1 | Note 2 | US$0.16 | 1,400,000 | – | – | 1,100,000 | – | 300,000 |
| Employees | 1 January 2022 | Note 1 | Note 2 | US$0.46 | 2,492,473 | – | – | 989,506 | 32,967 | 1,470,000 |
| Non-employees | 1 January 2022 | Note 1 | Note 2 | US$0.46 | 340,000 | – | – | – | – | 340,000 |
| Non-employees | 1 January 2023 | Note 1 | Note 2 | US$0.46 | 715,000 | – | – | – | – | 715,000 |
| Employees | 18 April 2024 | Note 1 | Note 2 | US$0.46 | 508,791 | – | – | 153,846 | 54,945 | 300,000 |
| Non-employees | 23 April 2024 | Note 1 | Note 2 | US$0.46 | 910,000 | – | – | 910,000 | – | – |
| Employees | 1 January 2025 | Note 1 | Note 2 | US$0.51 | – | 230,000 | – | – | – | 230,000 |
| Non-employees | 1 January 2025 | Note 1 | Note 2 | US$0.51 | – | 10,000 | – | – | – | 10,000 |
| Non-employees | 1 January 2025 | Note 3 | Note 2 | US$0.51 | – | 20,000 | – | – | – | 20,000 |
| Employees | 1 January 2025 | Note 1 | Note 2 | US$0.46 | – | 170,000 | – | – | – | 170,000 |
| | | | | | 7,816,264 | 430,000 | – | 3,153,352 | 87,912 | 5,005,000 |
| Exercisable at the end of the year | | | | | | | | | | 4,302,188 |
| Weighted average exercise price | | | | | US$0.35 | US$0.49 | – | US$0.36 | US$0.46 | US$0.36 |

*Note 1:* The share options were granted to employees and non-employees of the Group. One forth (25%) of the share options shall vest on the first anniversary of the vesting commencement date and one forty-eighth (1/48th) shall vest each month thereafter on the same day of the month as the vesting commencement date, subject to the employees continuing to be a service provider through each such date.

*Note 2:* The exercise period of the options granted under the Equity Incentive Plan shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Equity Incentive Plan and the share option award agreement signed by the grantee.

*Note 3:* This option shall vest and become exercisable immediately following the completion of the **[REDACTED]**, provided that the grantee continuing to be a service provider on the date of exercise.

*Note 4:* During the year ended 31 December 2025, pursuant to the supplementary agreement signed between certain grantees and the Company, the Company substituted certain of its outstanding share options with restricted share units ("RSU"). All the clauses of the agreement remain unchanged, with the exception that, subsequent to the substitution, all the RSU, in addition to time-based vesting condition, shall become exercisable upon the occurrence of the earlier of (a) the **[REDACTED]**, (b) a change in control, or (c) thirty days prior to ten years after the grant date of the RSU.

The estimated fair value of the share options granted during the years ended 31 December 2024 and 2025 is US$1,255,000 and US$385,000, respectively. The fair value was determined using the binomial option-pricing model. These fair values and corresponding inputs into the model were as follows:

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | **2025** |
| Expected volatility value | 57.81% | 57.19% |
| Risk-free rate | 4.64% | 4.58% |
| Expected dividend yield | 0% | 0% |
| Expected term (in years) | 10 | 10 |
| Fair value of the underlying shares on the date of option grants *(US$)* | 0.89 | 0.89 to 0.91 |

The directors of the Group estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Expected volatility value was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Expected dividend yield is based on management estimation at the grant date. The expected term used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately US$1,198,000 and US$297,000, for the years ended 31 December 2024 and 2025, respectively, in relation to share options granted by the Group.

**(b) Restricted Share Units scheme**

At 31 December 2025, the number of shares in respect of which RSU had been granted and remained outstanding under the Equity Incentive Plan was 10,101,797. In addition to time-based vesting condition, all the RSU granted shall become exercisable upon the occurrence of the earlier of (a) the [**REDACTED**], (b) a change in control, or (c) thirty days prior to ten years after the grant date of the RSU.

Set out below are details of the movements of the RSU granted under the Equity Incentive Plan during the year ended 31 December 2025:

| | Date of grant/substitution | Vesting period | Exercisable period | Exercise price | Outstanding as at 1.1.2025 | Granted during the year | Exercised during the year | Substituted during the year | Forfeited during the year | Outstanding as at 31.12.2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | *(Note (a), Note 4)* | | |
| Employees | April 2025 – May 2025 | Note 1 | Note 2 | US$0.16 | – | – | – | 1,100,000 | – | 1,100,000 |
| Employees | April 2025 – May 2025 | Note 1 | Note 2 | US$0.46 | – | – | – | 989,506 | 87,912 | 901,594 |
| Employees | April 2025 – May 2025 | Note 1 | Note 2 | US$0.46 | – | – | – | 153,846 | – | 153,846 |
| Non-employees | April 2025 – May 2025 | Note 1 | Note 2 | US$0.46 | – | – | – | 910,000 | – | 910,000 |
| Employees | 1 January 2025 | Note 1 | Note 2 | US$0.51 | – | 588,402 | – | – | 98,901 | 489,501 |
| Employees | 1 January 2025 | Note 3 | Note 2 | – | – | 283,165 | – | – | – | 283,165 |
| Non-employees | 1 January 2025 | Note 3 | Note 2 | – | – | 6,201,191 | – | – | – | 6,201,191 |
| Non-employees | 31 March 2025 | Note 3 | Note 2 | – | – | 62,500 | – | – | – | 62,500 |
| | | | | | – | 7,135,258 | – | 3,153,352 | 186,813 | 10,101,797 |
| Exercisable at the end of the year | | | | | | | | | | – |
| Weighted average exercise price | | | | | – | US$0.04 | – | US$0.36 | US$0.49 | US$0.13 |

*Note 1:* The RSU were granted to employees and non-employees of the Group. One forth (25%) of the RSU shall vest on the first anniversary of the vesting commencement date and one forty-eighth (1/48th) shall vest each month thereafter on the same day of the month as the vesting commencement date, subject to the employees continuing to be a service provider through each such date. For those RSU that were the substitutes of the share options, the commencement date shall remain unchanged and brought forward from the share option scheme.

*Note 2:* The exercise period of the RSU granted under the Equity Incentive Plan shall commence from the date on which the relevant RSU become vested and end on the 10th anniversary of the grant date, subject to the terms of the Equity Incentive Plan and the share option award agreement signed by the grantee. For those RSU that were the substitutes of the share options, the commencement and grant dates shall remain unchanged and brought forward from the share option scheme.

*Note 3:* This RSU shall vest and become exercisable immediately following the occurrence of the earlier of (a) the [**REDACTED**], (b) a change in control, or (c) thirty days prior to ten years after the grant date of the RSU, provided that the grantees continuing to be a service provider on the date.

The estimated fair value of the RSU with exercise price substituted during the year ended 31 December 2025 is US$2,021,000, which was included and disclosed in share option scheme in note (a) before the substitution. The estimated fair value of the RSU with exercise price granted during the year ended 31 December 2025 is US$524,000, which was determined using the binomial option-pricing model. These fair values and corresponding inputs into the model were as follows:

| | **Year ended 31 December 2025** |
|---|---|
| Expected volatility value | 57.19% |
| Risk-free rate | 4.58% |
| Expected dividend yield | 0% |
| Expected term (in years) | 10 |
| Fair value of the underlying shares on the date of RSU grants (US$) | 0.89 |

No incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period for the RSU granted to substitute the share options, as the terms or conditions of RSU granted were modified in a manner that were not beneficial to the employees. Thus, the amount to be recognised for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the share options.

The estimated fair value of the RSU without exercise price granted during the year ended 31 December 2025 is US$8,118,000. The fair value was determined using the discounted cash flow model. These fair values and corresponding inputs into the model were as follows:

| | Year ended 31 December 2025 |
|---|---|
| Expected volatility value | 44.48% |
| Discount rate | 20.70% |

The Group recognised the total expense of approximately US$21,000 for the year ended 31 December 2025, in relation to RSU granted by the Group.

## 29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to investors through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the bank borrowings and lease liabilities disclosed in Notes 22 and 15b respectively, net of cash and cash equivalents and equity of the Group, comprising issued share capital and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

## 30. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

*The Group*

| | At 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| **Financial assets** | | |
| Amortised cost | 37,802 | 25,108 |
| **Financial liabilities** | | |
| Amortised cost | 1,430 | 5,333 |
| Financial liabilities at FVTPL | 97,830 | 104,680 |

*The Company*

| | At 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| **Financial assets** | | |
| Amortised cost | 65,132 | 58,226 |
| **Financial liabilities** | | |
| Amortised cost | 1,350 | 2,447 |
| Financial liabilities at FVTPL | 97,830 | 104,680 |

**(b) Financial risk management objectives and policies**

The Group's major financial assets and liabilities include trade and other receivables, deposits, bank balances and cash, trade and other payables, bank borrowings and financial liabilities at FVTPL. The Company's financial assets and liabilities include bank balances and cash, other receivables, amounts due from subsidiaries, amounts due to subsidiaries, other payables and financial liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

***Market risk***

The Group's and the Company's activities expose it primarily to currency risk and interest rate risk. There has been no change in the Group's and the Company's exposure to these risks or the manner in which it manages and measures the risks.

*(i) Currency risk*

Certain bank balances, amounts due from related companies, trade and other payables and amounts due to related companies of respective group entities which exposure the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are mainly as follows:

***The Group:***

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| **Assets** | | |
| US$ | 21 | 72 |
| ***Intra-group debtor's balances*** | | |
| US$ | 76 | 77 |
| RMB | 2,210 | 2,260 |
| **Liabilities** | | |
| US$ | – | – |
| ***Intra-group creditors' balances*** | | |
| US$ | 106 | 106 |
| RMB | 420 | 1,013 |

***The Company:***

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| **Assets** | | |
| RMB | – | – |
| **Liabilities** | | |
| RMB | 418 | 1,013 |

Sensitivity analysis

The Group's and the Company's foreign currency risk is concentrated on the fluctuation of RMB against US$.

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against US$. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates a decrease in post-tax loss for the year where RMB weakens 5% against US$. For a 5% strengthening of RMB against US$, there would be an opposite impact on the post-tax loss for the year.

***The Group:***

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Impact on profit or loss | 89 | 60 |

***The Company:***

| | At 31 December | |
|---|---|---|
| | **2024** | **2025** |
| | *US$'000* | *US$'000* |
| Impact on profit or loss | (21) | (51) |

*(ii) Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to lease liabilities and bank borrowings (Notes 15b and 22). The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group and the Company manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The management considers that the exposure of fair value interest rate risk in relation to lease liabilities and bank borrowings and cash flow interest rate risk arising from variable-rate bank balances is insignificant. No sensitivity analysis is presented accordingly.

*(iii) Other price risk*

The Group and the Company is exposed to other price risk arising from the preference shares which were classified as financial liabilities at FVTPL as at 31 December 2024 and 2025.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

For financial liabilities at FVTPL as at 31 December 2024 and 2025, if the equity value of the Company had been changed based on the 5% higher/lower, the loss for the years ended 31 December 2024 and 2025 would increase/decrease by approximately US$4,892,000 and US$5,234,000.

***Credit risk and impairment assessment***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, amounts due from subsidiaries and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

*Trade receivables*

Before accepting any new customer, the Group and the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's and the Company's credit risk is significantly reduced. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group perform impairment assessment under ECL model on trade receivables individually and collectively. Except for credit-impaired debtors, which are assessed individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the aging of outstanding balances. The following table shows the movement in lifetime ECL that has been recognised for trade receivables of the Group:

| | **Lifetime ECL (not credit-impaired)** | **Lifetime ECL (credit-impaired)** | **Total** |
|---|---|---|---|
| | *US$'000* | *US$'000* | *US$'000* |
| As at 1 January 2024 and 31 December 2024 | – | – | – |
| Impairment loss recognised | – | 8 | 8 |
| Impairment loss reversed | – | (8) | (8) |
| As at 31 December 2025 | – | – | – |

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

*Bank balances*

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group and the Company assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised for each of the reporting period.

*Other receivables and deposits and amounts due from subsidiaries*

For other receivables and deposits and amounts due from subsidiaries, the management makes periodic individual assessment on the recoverability of these financial assets based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. As at 31 December 2024 and 2025, the management of the Group believes that there are no significant increase in credit risk of the remaining other receivables and deposits since initial recognition and the Group and the Company provided impairment based on 12m ECL.

The following tables show reconciliation of loss allowances that has been recognised for other receivables and deposits of the Group:

| | 12m ECL | Lifetime ECL (not credit-impaired) | Lifetime ECL (credit-impaired) | Total |
|---|---|---|---|---|
| | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| As at 1 January 2024 and 31 December 2024 | – | – | – | – |
| Impairment loss recognised | – | – | 106 | 106 |
| Write-offs | – | – | (106) | (106) |
| As at 31 December 2025 | – | – | – | – |

The Group writes off other receivables and deposits when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the other receivables and deposits are over two years past due, whichever occurs earlier. During the year ended 31 December 2025, loss allowance on credit impaired balance of US$106,000 was written off.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

| Internal credit rating | Description | Trade receivables | Other financial assets/other items |
|---|---|---|---|
| Low risk | The counterparty has a low risk of default and does not have any past-due amounts | Lifetime ECL — not credit-impaired | 12-month ECL |
| Watch list | Debtor frequently repays after due dates but usually settle in full | Lifetime ECL — not credit-impaired | 12-month ECL |
| Doubtful | There have been significant increase in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL — not credit-impaired | Lifetime ECL — not credit-impaired |
| Loss | There is evidence indicating the asset is credit-impaired | Lifetime ECL — credit-impaired | Lifetime ECL — credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off | Amount is written off |

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

**The Group:**

| | Notes | Internal/ external credit rating | 12m or lifetime ECL | 31 December 2024 Gross carrying amount | 31 December 2025 Gross carrying amount |
|---|---|---|---|---|---|
| | | | | *US$'000* | *US$'000* |
| **Financial assets at amortised cost** | | | | | |
| Trade receivables | 19 | Low risk *(Note)* | Lifetime ECL (not credit-impaired) | 347 | 207 |
| Other receivables and deposits | 17 | Low risk | 12m ECL | 545 | 347 |
| Bank balances and cash | 20 | Baa2 to Aa2 | 12m ECL | 36,910 | 24,554 |

**The Company:**

| | Notes | Internal/ external credit rating | 12m or lifetime ECL | 31 December 2024 Gross carrying amount | 31 December 2025 Gross carrying amount |
|---|---|---|---|---|---|
| | | | | *US$'000* | *US$'000* |
| **Financial assets at amortised cost** | | | | | |
| Other receivables and deposits | 17 | Low risk | 12m ECL | 108 | 42 |
| Amounts due from subsidiaries | 33 | Low risk | 12m ECL | 35,060 | 35,082 |
| Bank balances and cash | 20 | A2 to Aa2 | 12m ECL | 29,964 | 23,102 |

*Note:* For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are individually significant or credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.

***Liquidity risk***

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group and the Company rely on shareholders' investment and issuance of preferred shares as a significant source of liquidity.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

| | Weighted average effective interest rate | Within 1 year and on demand | 1 to 5 years | Total | Carrying amount |
|---|---|---|---|---|---|
| | *%* | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| **The Group** | | | | | |
| At 31 December 2024 | | | | | |
| Trade and other payables | – | 595 | – | 595 | 595 |
| Bank borrowings | 3.05 | 856 | – | 856 | 835 |
| Financial liabilities at FVTPL | 10 | – | 141,392 | 141,392 | 97,830 |
| Lease liabilities | 6.81 | 869 | 423 | 1,292 | 1,210 |
| | | 2,320 | 141,815 | 144,135 | 100,470 |
| **The Group** | | | | | |
| At 31 December 2025 | | | | | |
| Trade and other payables | – | 1,605 | – | 1,605 | 1,605 |
| Bank borrowings | 3.10 | 3,793 | – | 3,793 | 3,728 |
| Financial liabilities at FVTPL | 10 | 141,392 | – | 141,392 | 104,680 |
| Lease liabilities | 5.60 | 658 | 88 | 746 | 706 |
| | | 147,448 | 88 | 147,536 | 110,719 |
| **The Company** | | | | | |
| At 31 December 2024 | | | | | |
| Amounts due to subsidiaries | – | 1,350 | – | 1,350 | 1,350 |
| Financial liabilities at FVTPL | 10 | – | 141,392 | 141,392 | 97,830 |
| | | 1,350 | 141,392 | 142,742 | 99,180 |
| **The Company** | | | | | |
| At 31 December 2025 | | | | | |
| Other payables | – | 505 | – | 505 | 505 |
| Amounts due to subsidiaries | – | 1,942 | – | 1,942 | 1,942 |
| Financial liabilities at FVTPL | 10 | 141,392 | – | 141,392 | 104,680 |
| | | 143,839 | – | 143,839 | 107,127 |

**(c) Fair value measurements of financial instruments**

Some of the Group's and the Company's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the findings to the directors of the Company every year to explain the cause of fluctuations in the fair value.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

***(i) Fair value of the Group's and the Company's financial liabilities that are measured at fair value on a recurring basis***

Some of the Group's and the Company's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial liabilities | Fair value as at 31 December 2024 | Fair value as at 31 December 2025 | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of significant unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| | *US$'000* | *US$'000* | | | | |
| Financial liabilities at FVTPL — Preferred shares | 97,830 | 104,680 | Level 3 | Discounted cash flows, hybrid method<br><br>Discount rate, probability for liquidation, probability for redemption, probability for [**REDACTED**], expected exit date, expected volatility value, expected dividend yield | Discount rate | A significant increase in discount rate of would result in a significant decrease in fair value, and vice versa. *(notes a, b)* |

The reconciliation of Level 3 measurements of financial liabilities at FVTPL are set out in Note 23 and fair value losses on financial liabilities at FVTPL are presented as "changes in fair value of financial liabilities at FVTPL".

*Note a:* A 5% increases (decreases) in discount rate, while all other variables keep constant, would (decrease) increase the carrying amount of financial liability at FVTPL held by the Group and the Company as at 31 December 2024 by US$(6,120,000) and US$6,930,000, respectively.

*Note b:* A 5% increases (decreases) in discount rate, while all other variables keep constant, would (decrease) increase the carrying amount of financial liability at FVTPL held by the Group and the Company as at 31 December 2025 by US$(6,600,000) and US$7,960,000, respectively.

***(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)***

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

## 31. RETIREMENT BENEFIT PLANS

The subsidiary in the USA maintains qualified contributory savings plans for its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the USA with respect to the retirement benefits plans is to make the specified contributions under the plans.

The employees of the Company's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

The total amount provided by the Group to the scheme or plans in the USA and the PRC and charged to profit or loss are US$347,000 and US$172,000 for the years ended 31 December 2024 and 2025, respectively.

## 32. INVESTMENTS IN SUBSIDIARIES

**The Company**

| | At 31 December | |
|---|---|---|
| | 2024 | 2025 |
| | *US$'000* | *US$'000* |
| Unlisted investments, at cost | 53,356 | 59,175 |

As at 31 December 2024 and 2025 and the date of this report, the Group's subsidiaries are as follows:

| Name of subsidiaries | Place and date of establishment/ incorporation | Issued and fully paid share/registered capital | | | Equity interest attributable to the Group | | | Principal activities |
|---|---|---|---|---|---|---|---|---|
| | | As at 31 December | | As at the date of this report | As at 31 December | | As at the date of this report | |
| | | 2024 | 2025 | | 2024 | 2025 | | |
| Directly held: | | | | | | | | |
| Axbio Inc. *(Note i)* | USA 29 February 2016 | US$0.1 | US$0.1 | US$0.1 | 100% | 100% | 100% | Research and development activities |
| Axbio (Hong Kong) Limited *(Note ii)* | Hong Kong 27 October 2021 | HKD10,000 | HKD10,000 | HKD10,000 | 100% | 100% | 100% | Investment holding |
| Indirectly held: | | | | | | | | |
| Anxuyuan Shenzhen* (安序源生物科技(深圳)有限公司) *(Note i)* | PRC 1 June 2017 | RMB140,000,000 | RMB140,000,000 | RMB147,000,000 *(Note iv)* | 100% | 100% | 100% | Research and development activities |
| Anxuyuancheng Biotechnology (Tianjin) Co., Ltd.* (安序源成生物科技(天津)有限公司) *(Note i)* | PRC 21 April 2020 | RMB8,000,000 | RMB8,000,000 | RMB8,000,000 | 100% | 100% | 100% | Research and development activities |
| Anxuyuan Wuxi (安序源生物科技(無錫)有限公司) *(Note i)* | PRC 19 November 2021 | US$35,000,000 | US$35,000,000 | US$37,000,000 *(Note v)* | 100% | 100% | 100% | Manufacturing of In Vitro diagnostic equipment |
| Anxuyuan Medical Technology (Wuxi) Co., Ltd* (安序源醫療科技(無錫)有限公司) *(Note i)* | PRC 19 November 2023 | RMB5,000,000 | RMB5,000,000 | RMB5,000,000 | 100% | 100% | 100% | Dormant |
| Anxuyuan Biotechnology (Suzhou) Co., Ltd* (安序源生物科技(蘇州)有限公司) *(Note i)* | PRC 7 April 2020 | RMB10,000,000 | RMB10,000,000 | RMB10,000,000 | 100% | 100% | 100% | Dormant |

* English name is for identification purpose only

*Notes:*

(i) No statutory financial statements have been prepared for these subsidiaries as there are no statutory audit requirements in the jurisdictions where these subsidiaries are incorporated.

(ii) The statutory financial statements of Axbio (Hong Kong) Limited for the year ended 31 December 2024 were prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the HKICPA and were audited by Richful CPA Limited registered in Hong Kong. At the date of this report, the statutory financial statements of Axbio (Hong Kong) Limited for the year ended 31 December 2025 have not been issued.

(iii) All subsidiaries are limited liability companies and have adopted 31 December as their financial year end date.

(iv) In March 2026, Anxuyuan Wuxi made a capital injection of RMB7,000,000 into Anxuyuan Shenzhen.

(v) In March 2026, Axbio (Hong Kong) Limited made a capital injection of US$2,000,000 into Anxuyuan Wuxi.

None of the subsidiaries has issued any debt securities as at 31 December 2024 and 2025.

## 33. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand. In the opinion of the directors, the Company will not demand for repayment from subsidiaries within one year from the end of the reporting periods and accordingly the amounts are classified as non-current.

## 34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

| | Accrued issue costs | Financial liabilities at FVTPL | Lease liabilities | Bank borrowings | Total |
|---|---|---|---|---|---|
| | *US$'000* | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| At 1 January 2024 | – | 90,220 | 1,436 | – | 91,656 |
| Financing cash flows | – | – | (949) | 842 | (107) |
| Changes in fair value | – | 7,610 | – | – | 7,610 |
| New leases entered | – | – | 648 | – | 648 |
| Interest expenses | – | – | 89 | 1 | 90 |
| Exchange alignment | – | – | (14) | (8) | (22) |
| At 31 December 2024 | – | 97,830 | 1,210 | 835 | 99,875 |
| Financing cash flows | (267) | – | (972) | 2,770 | 1,531 |
| Changes in fair value | – | 6,850 | – | – | 6,850 |
| New lease entered | – | – | 398 | – | 398 |
| Issue costs accrued | 328 | – | – | – | 328 |
| Interest expenses | – | – | 57 | 58 | 115 |
| Exchange alignment | – | – | 13 | 65 | 78 |
| At 31 December 2025 | 61 | 104,680 | 706 | 3,728 | 109,175 |

## 35. SUBSEQUENT EVENTS

Other than disclosed elsewhere in the Historical Financial Information, no material events have occurred subsequent to 31 December 2025 and up to the date of this report.

## 36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2025 and up to the date of this report.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Set out below is a summary of certain provisions of the constitution of our Company and certain aspects of the Cayman Islands company laws.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 14, 2021 under the Cayman Companies Act. Our Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

## 1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of our Company is limited, that the objects for which our Company is established are unrestricted (and therefore include acting as an investment holding company) and that our Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Act or any other law of the Cayman Islands.

## 2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] and will become effective on the [**REDACTED**]. A summary of certain provisions of the Articles is set out below.

### 2.1 Shares

#### *(a) Classes of Shares*

The share capital of our Company consists of a single class of ordinary shares.

#### *(b) Variation of Rights of Existing Shares or Classes of Shares*

If at any time the share capital of our Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not our Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person (whether physically or by virtual attendance with the use of technology) or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person (whether physically or by virtual attendance with the use of technology), or by proxy may demand a poll.

For the purposes of a separate class meeting, our Board may treat two or more classes of Shares as forming one class of Shares if our Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

*(c) Alteration of Capital*

Our Company may by ordinary resolution:

(i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, our Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by our Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to our Company for our Company's benefit;

(iii) sub-divide its Shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and

(iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Our Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Cayman Companies Act.

*(d) Transfer of Shares*

Subject to the terms of the Articles, any member of our Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, our Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as our Board may approve and may be under hand or, if the transferor or transferee is a recognized clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as our Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that our Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of our Company in respect of that Share.

Subject to the provisions of the Cayman Companies Act, if our Board considers it necessary or appropriate, our Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as our Board thinks fit. Our Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

Our Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which our Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognize any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

Our Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as our Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as our Board may determine (or such longer period as the members of our Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

***(e) Redemption of Shares***

Subject to the provisions of the Cayman Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, our Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or our Company. The redemption of such Shares shall be effected in such manner and upon such other terms as our Company may by special resolution determine before the issue of such Shares.

***(f) Power of our Company to Purchase its own Shares***

Subject to the Cayman Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, our Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorized by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the SFC from time to time in force.

***(g) Power of any Subsidiary of our Company to own Shares in our Company***

There are no provisions in the Articles relating to the ownership of Shares in our Company by a subsidiary.

*(h) Calls on Shares and Forfeiture of Shares*

Subject to the terms of allotment and issue of any Shares (if any), our Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to our Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of our Board authorizing such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as our Board shall determine (together with any expenses incurred by our Company as a result of such non-payment) from the day it became due and payable until it is paid, but our Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, our Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by our Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of our Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to our Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to our Company all monies which, as at the date of forfeiture, were payable by him to our Company in respect of the Shares together with (if our Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as our Board may determine and any expenses incurred by our Company as a result of such non-payment.

**2.2 Directors**

*(a) Appointment, Retirement and Removal*

Our Company may by ordinary resolution of the members elect any person to be a Director. Our Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of our Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by our Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between our Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to our Company that he resigns from his office as Director;

(ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from our Board, and our Board passes a resolution that he has by reason of such absence vacated his office;

(iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and our Board resolves that his office be vacated;

(v) the Director is prohibited from being or ceases to be a Director by operation of law;

(vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or

(vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

***(b) Power to Allot and Issue Shares and other Securities***

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, our Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or

otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

Our Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in our Company on such terms as our Board may from time to time determine.

Neither our Company nor our Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of our Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

***(c) Power to Dispose of the Assets of our Company or any of its Subsidiaries***

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and any directions given by special resolution of our Company, our Board may exercise all powers and do all acts and things which may be exercised or done by our Company to dispose of the assets of our Company or any of its subsidiaries. No alteration to the Memorandum or Articles and no direction given by special resolution of our Company shall invalidate any prior act of our Board which would have been valid if such alteration or direction had not been made or given.

***(d) Borrowing Powers***

Our Board may exercise all the powers of our Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of our Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of our Company, and, subject to the Cayman Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

***(e) Remuneration***

A Director shall be entitled to receive such sums as shall from time to time be determined by our Board or our Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of our Board or committees of our Board, or general meetings of our Company or separate meetings of the holders of any class of Shares or debentures of our Company, or otherwise in connection with the business of our Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by our Board.

Our Board or our Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of our Board or our Company in general meetings go beyond such Director's ordinary routine work as a Director.

***(f) Compensation or Payments for Loss of Office***

There are no provisions in the Articles relating to compensation or payment for loss of office.

***(g) Loans to Directors***

There are no provisions in the Articles relating to making of loans to Directors.

*(h) Disclosure of Interest in Contracts with our Company or any of its Subsidiaries*

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and upon such terms as our Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with our Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of our Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to our Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of our Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of Shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of our Company by virtue only of his/their interest in those Shares, debentures or other securities.

**2.3 Proceedings of our Board**

Our Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

**2.4 Alterations to the Constitutional Documents and our Company's Name**

The Memorandum and Articles may only be altered or amended, and the name of our Company may only be changed, by special resolution of our Company.

**2.5 Meetings of Members**

***(a) Special and Ordinary resolutions***

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to our Company's constitutional documents or a voluntary winding up of our Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any members which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any member which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

***(b) Voting Rights and Right to Demand a Poll***

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorized representative or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorized representative or by proxy shall have one vote. For the avoidance of doubt, votes may be cast by members by electronic means, if such means are provided.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other join holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of our Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands (whether physically or by virtual attendance with the use of technology).

Any corporation or other non-natural person which is a member of our Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorize such person as it thinks fit to act as its representative at any meeting of our Company or of any class of members, and the person so authorized shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of our Company.

If a recognized clearing house or its nominee(s) is a member of our Company, it may appoint proxies or authorize such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of our Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of our Company, provided that if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house or its nominee(s) as if such person were a natural person member of our Company, including the right to speak and vote individually on a show of hands or on a poll (whether physically or by virtual attendance with the use of technology).

All members of our Company (including a member which is a recognized clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting (whether physically or by virtual attendance with the use of technology), except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

***(c) Annual General Meetings and Extraordinary General Meetings***

Our Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of our Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

Our Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of our Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of our Company in Hong Kong or, in the event our Company ceases to have such a principal place of business, the registered office of our Company. If our Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by our Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by our Company.

***(d) Notices of Meetings and Business to be Conducted***

An annual general meeting of our Company shall be called by at least 21 days' notice in writing, and any other general meeting of our Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting, the general nature of the business to be considered at the meeting and details for members to attend the meeting virtually with the use of technology (if applicable).

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

Notwithstanding that a meeting of our Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

(ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), our Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

Our Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as our Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(i) our Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on our Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;

(ii) our Board shall determine the date, time, place and details for members to attend virtually with the use of technology for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened, details for members to attend such postponed meeting virtually with the use of technology (if applicable) and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(iii) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, our Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

***(e) Quorum for Meetings and Separate Class Meetings***

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (whether physically or by virtual attendance with the use of technology), or in the case of a member being a corporation, by its duly authorized representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

***(f) Proxies***

Any member of our Company (including a member which is a recognized clearing house (or its nominee(s))) entitled to attend and vote at a meeting of our Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and

shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person (whether physically or by virtual attendance with the use of technology) at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorized representative. The appointor should be allowed to send the instrument appointing a proxy by electronic means.

Our Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by our Company, specify the manner by which the instrument appointing a proxy shall be sent by electronic means (if such means are provided) or deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as our Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

**2.6 Accounts and Audit**

Our Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of our Company's affairs and to explain its transactions in accordance with the Cayman Companies Act.

The books of accounts of our Company shall be kept at the principal place of business of our Company in Hong Kong or, subject to the provisions of the Cayman Companies Act, at such other place or places as our Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of our Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or as authorized by our Board or our Company in general meeting.

Our Board shall cause to be prepared and laid before our Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of our Company for the period covered by the profit and loss account and the state of our Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with our Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in

accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of our Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**2.7 Dividends and other Methods of Distribution**

Subject to the Cayman Companies Act and the Articles, our Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorize payment of the dividends or distributions out of the funds of our Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by our Board, and (ii) no dividends or distributions shall be paid except out of the realized or unrealized profits of our Company, out of the share premium account or as otherwise permitted by law.

Our Board may from time to time pay to the members of our Company such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. In addition, our Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

Our Board may deduct from any dividends or other distributions payable to any member of our Company all sums of money (if any) then payable by him to our Company on account of calls or otherwise. Our Board may retain any dividends or distributions payable on or in respect of a Share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by our Company on or in respect of any Share shall carry interest against our Company.

Where our Board or our Company in general meeting has resolved that a dividend should be paid or declared, our Board may further resolve:

(a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as our Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of our Board, our Company may by ordinary resolution resolve in respect of any one particular dividend of our Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to

the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of our Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever our Board or our Company in general meeting has resolved that a dividend be paid or declared, our Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to our Company.

**2.8 Inspection of Corporate Records**

For so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Companies Ordinance.

**2.9 Rights of Minorities in relation to Fraud or Oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under the Cayman Islands laws, as summarized in paragraph 3.6 below.

**2.10 Procedures on Liquidation**

Subject to the Cayman Companies Act, the members of our Company may by special resolution resolve to wind up our Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

(a) if the assets available for distribution among the members of our Company are more than sufficient to repay the whole of our Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

(b) if the assets available for distribution among the members of our Company are insufficient to repay the whole of our Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Cayman Companies Act, divide among the members in kind the whole or any part of the assets of our Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

## 3. COMPANY LAWS OF THE CAYMAN ISLANDS

Our Company was incorporated in the Cayman Islands as an exempted company on September 14, 2021 subject to the Cayman Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

### 3.1 Company Operations

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

### 3.2 Share Capital

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Cayman Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

### 3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

### 3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

### 3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

### 3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

### 3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

### 3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

### 3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

### 3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

### 3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

### 3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

### 3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

### 3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

### 3.15 Register of Directors and Officers

Pursuant to the Cayman Companies Act, our Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of our Company (and, where applicable, the current alternate directors of our Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

### 3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

### 3.17 Mergers and Consolidations

The Cayman Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman

Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

### 3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

### 3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Cayman Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

### 3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

### 3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

### 3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2024 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a "relevant entity" and is conducting one or more of the nine "relevant activities", then such company will be required to comply with the economic substance requirements in relation to the relevant activity from 1 July 2019. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities.

## 4. GENERAL

Harney Westwood & Riegels, our Company's legal adviser on Cayman Islands laws, has sent to our Company a letter of advice summarizing the aspects of the Cayman Companies Act set out in section 3 above. This letter, together with copies of the Cayman Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and our Company as referred to in "Appendix V — Documents Delivered to the Registrar of Companies and Available on Display — Documents Available on Display." Any person wishing to have a detailed summary of the Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

## A. FURTHER INFORMATION ABOUT OUR GROUP

### 1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 14, 2021. Our registered office address is at the offices of ICS Corporate Services (Cayman) Limited, Palm Grove Unit 4, 265 Smith Road, George Town, P.O. Box 52A Edgewater Way #1653, Grand Cayman KY1-9006, Cayman Islands. Our operation is subject to the relevant laws and regulations of the Cayman Islands, the Memorandum of Association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our Memorandum of Association and the Articles of Association is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws."

Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 4, 2025. Our principal place of business in Hong Kong is at Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Ms. Ingrid Pui Kiu Wong (黃沛翹) has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong. The address for service of process and notices in Hong Kong is the same as our principal place of business in Hong Kong.

As of the date of this document, our Company's headquarters are located at 5/F, Building B & East Section, 8/F, Building A, Inspection and Testing Center, Xishan Economic Development Zone, 37 Tuanjie Middle Road, Xishan District, Wuxi, Jiangsu Province, PRC.

### 2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our authorized share capital was US$50,000 divided into 500,000,000 Shares with a par value of US$0.0001 each.

Save as disclosed below and in "History, Reorganization and Corporate Structure," there has been no alteration in the share capital of our Company within the two years immediately preceding the issue of this document.

(a) on April 15, 2025, Xi Lin surrendered 62,500 Shares to our Company; and

(b) on April 15, 2025, our Company allotted and issued 6,788,610 Shares to Axbio Talent.

### 3. Changes in the Capital of Our Subsidiaries

A summary of the particulars of our subsidiaries can be found in note 32 to the Accountants' Report.

Save as disclosed below, there has been no alteration in the capital of any of our subsidiaries within the two years immediately preceding the issue of this document.

(a) on June 27, 2024, the registered capital of Anxuyuan Shenzhen was increased from RMB120,000,000 to RMB140,000,000;

(b) on August 12, 2024, the registered capital of Anxuyuan Tianjin was increased from RMB5,000,000 to RMB8,000,000;

(c) on February 14, 2026, the registered capital of Anxuyuan Wuxi was increased from US$35,000,000 to US$40,000,000; and

(d) on March 10, 2026, the registered capital of Anxuyuan Shenzhen was increased from RMB140,000,000 to RMB170,000,000.

**4. Resolutions of Our Shareholders**

Our Shareholders passed resolutions on [●], pursuant to which, among others:

(a) our Company approved and adopted the Memorandum of Association and the Articles of Association with effect from the [**REDACTED**];

(b) conditional on (i) the Stock Exchange granting the [**REDACTED**] of, and permission to deal in, the Shares in issue (including the Shares outstanding and to be converted from the Preferred Shares) and to be issued as stated in this document and such [**REDACTED**] and permission not subsequently having been revoked prior to the commencement of [**REDACTED**] in the Shares on the Stock Exchange, (ii) the [**REDACTED**] having been determined, (iii) the obligations of the [**REDACTED**] under the [**REDACTED**] Agreements becoming unconditional and not being terminated in accordance with the terms of the [**REDACTED**] Agreements or otherwise, in each case on or before such dates as may be specified in the [**REDACTED**] Agreements, and (iv) the [**REDACTED**] Agreements having been duly executed by the [**REDACTED**] and our Company:

(i) the [**REDACTED**] (including the [**REDACTED**]) was approved, and the proposed allotment and issue of the [**REDACTED**] under the [**REDACTED**] were approved, and our Directors were authorized to determine the [**REDACTED**] for, and to allot and issue, the [**REDACTED**];

(ii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes, and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with, and/or to sell or transfer treasury shares of our Company, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued together with the treasury shares of our Company resold or transferred or to be resold or transferred, otherwise than by way of the [**REDACTED**], rights issue or pursuant to the exercise of share options granted under the Equity Incentive Plan or any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and share options granted under the Equity Incentive Plan;

(iii) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and share options granted under the Equity Incentive Plan; and

(iv) the general unconditional mandate as mentioned in paragraph (ii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the Repurchase Mandate up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and share options granted under the Equity Incentive Plan.

Each of the general mandates referred to in paragraphs (b)(ii), (b)(iii), and (b)(iv) above will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

(c) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

## 5. Repurchase of Our Own Shares

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning repurchase of our own securities.

### *(a) Provision of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below.

*(i) Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [●], the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and share options granted under the Equity Incentive Plan, with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association, or (iii) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

*(ii) Source of funds*

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by our Company may be made out of profits or out of proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Islands company laws. Any premium payable on the purchase over the nominal value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Islands company laws.

*(iii) Trading restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to 10% of the aggregate nominal value of the shares in issue (excluding treasury shares) on the date the repurchase mandate is granted. A listed company whose primary listing is on the Stock Exchange generally may not (i) issue new securities or sale or transfer treasury shares, or (ii) announce a proposed issue of new securities or sale or transfer of treasury shares for a period of 30 days after a repurchase without the prior approval of the Stock Exchange. A listed company whose primary listing is on the Stock Exchange may not repurchase any of its own securities on the Stock Exchange for a period of 30 days after any sale or transfer of treasury shares on the Stock Exchange without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

*(iv) Status of repurchased securities*

The shares repurchased by a listed company shall be held as treasury shares or cancelled. The listing of all shares held as treasury shares shall be retained. The listing of all shares repurchased (whether effected on the Stock Exchange or otherwise) but not held as treasury shares shall be automatically cancelled upon repurchase. The listed company shall ensure that the documents of title of these repurchased shares are cancelled and destroyed.

Under the laws of the Cayman Islands, unless the directors resolve to hold the shares repurchased by the company as treasury shares prior to the repurchase, shares repurchased by the company shall be treated as cancelled and the amount of the company's issued share capital shall be diminished by the nominal value of those shares. However, the repurchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands laws.

*(v) Suspension of repurchase*

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (ii) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange, unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

*(vi) Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly breakdown of shares repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

*(vii) Core connected persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person, and a core connected person is prohibited from knowingly selling securities to the listed company on the Stock Exchange.

***(b) Reasons for repurchase***

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchase of Shares will only be made when our Directors believe that such repurchase will be in the interest of our Company and our Shareholders. Such repurchase may, depending on market conditions, funding arrangements and other circumstances at the time, lead to an enhancement in the net value of our Company and our assets and/or earnings per Share.

***(c) Funding of repurchase***

Repurchase of Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. Our Directors may not repurchase Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, our Directors may make repurchase with profits of our Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and applicable laws and regulations of Hong Kong and the Cayman Islands, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to the Cayman Islands company law, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing position of our Company which in the opinion of our Directors are from time to time appropriate for our Company.

***(d) Share capital***

The exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), could accordingly result in up to [**REDACTED**] Shares being repurchased by our Company during the period until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

(iii) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

***(e) General***

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws.

If, as a result of any repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of Material Contract

We have entered into the following contract (not being contract entered into in our ordinary course of business) within the two years immediately preceding the issue of this document that is or may be material:

(a) the [**REDACTED**].

### 2. Intellectual Property Rights

#### *(a) Trademarks*

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business.

| No. | Trademark | Owner |
|---|---|---|
| 1. | 安序源 | Anxuyuan Shenzhen |
| 2. | 安序源 | Anxuyuan Shenzhen |
| 3. | | Anxuyuan Shenzhen |
| 4. | AXBIO | Axbio US |

| No. | Trademark | Owner |
|---|---|---|
| 5. | AXprep | Anxuyuan Shenzhen |
| 6. | Xseq | Anxuyuan Shenzhen |
| 7. | AxiLona | Anxuyuan Shenzhen |
| 8. | 安序源 Anxuyuan | Anxuyuan Shenzhen |
| 9. | Anxuyuan | Anxuyuan Shenzhen |

***(b) Patents***

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business.

| No. | Patent name | Patent number | Owner | Date of grant | Place of registration |
|---|---|---|---|---|---|
| 1. | Methods for processing a nucleic acid sample and compositions thereof | US12252742B2 | Axbio US | March 18, 2025 | U.S. |
| 2. | Methods, systems, and compositions for nucleic acid sequencing | US12227801B2 | Axbio US | February 18, 2025 | U.S. |
| 3. | Methods, systems, and compositions for nucleic acid sequencing | US11603562B2 | Axbio US | March 14, 2023 | U.S. |
| 4. | Biomolecule diagnostic systems | US11484881B2 | Axbio US | November 1, 2022 | U.S. |
| 5. | Gene sequencing apparatus and gene sequencing methods (基因測序裝置和基因測序方法) | CN 111040942 B | Anxuyuan Shenzhen | June 27, 2023 | PRC |
| 6. | Preparation method of branch-like macromolecule-modified nucleotides (樹杈狀大分子修飾的核苷酸的製備方法) | CN 112898575 B | Anxuyuan Shenzhen | October 21, 2022 | PRC |
| 7. | Sequencing reagents (測序試劑) | CN 112898580 B | Anxuyuan Shenzhen | November 8, 2022 | PRC |
| 8. | Microfluidics devices and gene sequencer (微流體裝置及基因測序儀) | CN 110684640 B | Anxuyuan Shenzhen | June 11, 2024 | PRC |
| 9. | Integrated circuits for analyzing biological systems | US10955404B2 | Axbio US | March 23, 2021 | U.S. |
| 10. | Apparatus and methods for continuous diagnostics of macromolecules | US10913978B2 | Axbio US | February 9, 2021 | U.S. |
| 11. | Devices and methods for measuring the properties of macromolecules | US10509006B2 | Axbio US | December 17, 2019 | U.S. |

### *(c) Copyrights*

As of the Latest Practicable Date, we had registered the following copyrights which we considered to be material to our business.

| No. | Copyright name | Owner | Date of Registration | Place of registration |
|---|---|---|---|---|
| 1. | Axbio Microbial PCR Primer Coverage Evaluation System (安序源微生物PCR引物覆蓋率評估系統) | Anxuyuan Shenzhen | May 16, 2023 | PRC |
| 2. | Axbio Microbial PCR Primer & Probe Design System (安序源微生物PCR引物探針設計系統) | Anxuyuan Shenzhen | June 30, 2023 | PRC |
| 3. | Axbio Microbial PCR Primer Coverage Evaluation System (安序源微生物PCR引物覆蓋率評估系統) | Anxuyuan Shenzhen | June 12, 2024 | PRC |
| 4. | Axbio Multiplex PCR Primer & Probe Design System (安序源多重PCR反應體系引物探針設計系統) | Anxuyuan Shenzhen | June 13, 2024 | PRC |
| 5. | Axbio FLAP Sequence Design System (安序源FLAP序列設計系統) | Anxuyuan Shenzhen | June 13, 2024 | PRC |
| 6. | Axbio Microbial PCR Primer & Probe Design System (安序源微生物PCR引物探針設計系統) | Anxuyuan Shenzhen | June 13, 2024 | PRC |

### *(d) Layout-design*

As of the Latest Practicable Date, we had registered the following layout-designs which we considered to be material to our business.

| No. | Layout-design name | Registration number | Owner | Date of grant | Place of registration |
|---|---|---|---|---|---|
| 1. | Control unit chip for intestinal pathogen detector (腸道致病菌檢測儀控制單元芯片) | BS.205506356 | Anxuyuan Shenzhen | April 22, 2020 | PRC |
| 2. | Circuit layout-design for the control unit of nucleotide preparation equipment (核苷酸製備設備控制單元電路設計佈圖) | BS.205506364 | Anxuyuan Shenzhen | April 15, 2020 | PRC |
| 3. | Circuit layout-design for the flow rate control device of a gene sequencer (基因測序儀流速控制裝置電路設計佈圖) | BS.205506372 | Anxuyuan Shenzhen | April 14, 2020 | PRC |
| 4. | Circuit layout-design for the control module of a gene sequencing device (基因測序裝置控制模塊電路設計佈圖) | BS.205506380 | Anxuyuan Shenzhen | April 15, 2020 | PRC |

*(e) Domain Names*

As of the Latest Practicable Date, we had registered the following internet domain names which we considered to be material to our business.

| No. | Domain name | Owner | Expiration date |
|---|---|---|---|
| 1. | axbio.cn | Anxuyuan Shenzhen | June 21, 2027 |
| 2. | anxuyuan.cn | Anxuyuan Shenzhen | October 18, 2033 |
| 3. | axbio.com | Axbio US | January 1, 2028 |
| 4. | axbio.co | Axbio US | November 27, 2027 |

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Particulars of Directors' Service Contracts and Appointment Letters

*(a) Executive Directors*

Each of our executive Directors has entered into a service contract with us. The initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice.

Pursuant to the service contracts entered into with us, our executive Directors will receive no remuneration as director's fee.

*(b) Non-executive Director*

Our non-executive Director has entered into a service contract with us. The initial term of his service contract shall be three years commencing from the date of his appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice.

Pursuant to the service contract entered into with us, our non-executive Director will receive no remuneration as director's fee.

*(c) Independent non-executive Directors*

Each of our independent non-executive Directors has entered into an appointment letter with us effective from the [**REDACTED**]. The initial term of their appointment letters shall be three years commencing from the date of their appointment or until the third annual general meeting of our Company after the [**REDACTED**], whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice.

Pursuant to the appointment letters entered into with us, our independent non-executive Directors will each receive an annual director's fee of US$20,000 commencing on the effective date of their respective appointment.

## 2. Remuneration of Directors

Save as disclosed in "Directors and Senior Management" and "Appendix I — Accountants' Report — Notes to the Historical Financial Information for Each of the Two Years Ended 31 December 2024 and 2025 — 10. Directors' and Chief Executive Officer's Emoluments," none of our Directors received other remunerations or benefits in kind from us.

## 3. Disclosure of Interests

### *(a) Interests and short positions of our Directors and chief executive in the Shares and underlying Shares of our Company and our associated corporation*

Save as disclosed below, so far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), none of our Directors or chief executive has any interests or short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange.

*(i) Interests in the Shares*

| Name | Position | Nature of interest | Number of Shares[(1)] | Approximate percentage of interest in our Company immediately following the completion of the [REDACTED][(2)] *(%)* |
|---|---|---|---|---|
| Dr. Tian | Chairman of our Board, executive Director and CEO | Beneficial interest | 55,233,000 (L) | [**REDACTED**] |
| Dr. Ivanov | Executive Director and COO | Beneficial interest | 27,616,000 (L) | [**REDACTED**] |
| Mr. Lizi Bie (别力子) | Non-executive Director | Interest in controlled corporation[(3)] | 7,114,186 (L) | [**REDACTED**] |
| Dr. Ankang Li (李安康) | Independent non-executive Director | Beneficial interest[(4)] | 20,000 (L) | [**REDACTED**] |
| Mr. Keith Warner | Independent non-executive Director | Beneficial interest[(5)] | 20,000 (L) | [**REDACTED**] |
| Ms. Tao Zhang (章濤) | Independent non-executive Director | Beneficial interest[(6)] | 20,000 (L) | [**REDACTED**] |

*Notes:*

(1) The letter "L" denotes the person's long position in the Shares.

(2) Based on the assumption that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan.

(3) Hongxin HK is wholly owned by Mr. Lizi Bie (别力子). Shenzhen Leaguer Hongxin is controlled by Zhuhai Zijing as its general partner. Zhuhai Zijing is owned as to 70% by Mr. Bie. As such, Mr. Bie is deemed to be interested in the 4,566,210 Shares held by Hongxin HK and the 2,547,976 Shares held by Shenzhen Leaguer Hongxin under the SFO.

(4) Dr. Ankang Li (李安康) is entitled to receive 20,000 Shares pursuant to the share awards granted to him under the Equity Incentive Plan, subject to the relevant conditions (including vesting conditions) thereunder.

(5) Mr. Keith Warner is entitled to receive 20,000 Shares pursuant to the share options granted to him under the Equity Incentive Plan, subject to the relevant conditions (including vesting conditions) thereunder.

(6) Ms. Tao Zhang (章濤) is entitled to receive 20,000 Shares pursuant to the share awards granted to her under the Equity Incentive Plan, subject to the relevant conditions (including vesting conditions) thereunder.

***(b) Interests and short positions of our substantial Shareholders in the Shares and underlying Shares of our Company***

For the information on the persons who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan), have interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders."

**4. Disclaimers**

Save as disclosed above and in "History, Reorganization and Corporate Structure" and "Business":

(a) none of our Directors or experts named in "— Qualification of Experts" in this section is:

(i) interested in our promotion, or in any assets which have been, within the two years immediately preceding the issue of this document, 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;

(ii) 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; and

(b) none of our Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

**D. Equity Incentive Plan**

Our Company adopted the Equity Incentive Plan on October 15, 2021 which was amended on February 16, 2023 and April 15, 2025. The Equity Incentive Plan is a pre-[**REDACTED**] share scheme. As of the Latest Practicable Date, all share options and share awards under the Equity Incentive Plan have been granted, and no further share option or share award will be granted after the [**REDACTED**].

## 1. Summary of the Principal Terms of the Equity Incentive Plan

### *(a) Purposes*

The purposes of the Equity Incentive Plan are to (i) attract and retain the best available personnel for positions of substantial responsibility, (ii) provide additional incentive to employees, directors and consultants of our Group, and (iii) promote the success of our Company's business.

The Equity Incentive Plan permits the grant of incentive share options, nonstatutory share options, share appreciation rights, restricted shares and restricted share units.

### *(b) Eligibility*

Nonstatutory share options, share appreciation rights, restricted shares, and restricted share units may be granted to employees, directors or consultants of our Group (collectively, the "**Service Providers**"). Incentive share options may be granted only to employees of our Group.

### *(c) Plan limit*

Save as otherwise provided in the Equity Incentive Plan, the maximum number of Shares that may be subject to awards under the Equity Incentive Plan is 15,293,610, representing approximately [**REDACTED**]% of the Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan).

### *(d) Term*

Unless sooner terminated pursuant to the terms thereunder, the Equity Incentive Plan will continue in effect for a term of ten years from the later of (i) the effective date of the Equity Incentive Plan or (ii) the earlier of the most recent Board or Shareholder approval of an increase in the number of Shares reserved for issuance under the Equity Incentive Plan.

### *(e) Administration*

Different Board committees with respect to different groups of Service Providers may administer the Equity Incentive Plan. Other than as provided above, the Equity Incentive Plan will be administered by (i) our Board or (ii) a Board committee (the "**Administrator**").

Subject to the provisions of the Equity Incentive Plan, and in the case of a Board committee, subject to the specific duties delegated by our Board to such Board committee, the Administrator will have the authority, in its discretion, to, among others:

(i) determine the fair market value of a Share;

(ii) select the Service Providers to whom awards may be granted under the Equity Incentive Plan;

(iii) determine the number of Shares to be covered by each award granted under the Equity Incentive Plan;

(iv) approve forms of award agreements for use under the Equity Incentive Plan;

(v) determine the terms and conditions, not inconsistent with the terms of the Equity Incentive Plan or the Articles, of any award granted under the Equity Incentive Plan based in each case on such factors as the Administrator will determine;

(vi) construe and interpret the terms of the Equity Incentive Plan and awards granted pursuant to the Equity Incentive Plan;

(vii) modify or amend each award, including but not limited to the discretionary authority to extend the post-termination exercisability period of awards and to extend the maximum term of a share option;

(viii) authorize any person to execute on behalf of our Company any instrument required to effect the grant of an award previously granted by the Administrator;

(ix) allow a participant to defer the receipt of the payment of cash or the delivery of Shares that otherwise would be due to such participant under an award; and

(x) make all other determinations deemed necessary or advisable for administering the Equity Incentive Plan.

The Administrator's decisions, determinations and interpretations will be final and binding on all participants and any other holders of awards and will be given the maximum deference permitted by applicable laws.

***(f) Share options***

Grant of share options. Subject to the terms and provisions of the Equity Incentive Plan, the Administrator, at any time and from time to time, may grant share options in such amounts as the Administrator, in its sole discretion, will determine.

Share option agreement. Each award of share option will be evidenced by an award agreement that will specify the exercise price, the term of the share option, the number of Shares subject to the share option, the exercise restrictions, if any, applicable to the share option, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

Limitations. Each share option will be designated in the award agreement as either an incentive share option or a nonstatutory share option. Notwithstanding such designation, however, to the extent that the aggregate fair market value of the Shares with respect to which incentive share options are exercisable for the first time by the participant during any calendar year (under all plans of our Company or subsidiary) exceeds one hundred thousand dollars, such share options will be treated as nonstatutory share options.

Term of share option. The term of each share option will be stated in the award agreement; provided, however, that the term will be no more than ten years from the date of grant thereof. In the case of an incentive share option granted to a participant who, at the time the incentive share option is granted, owns shares representing more than ten percent of the total combined voting power of all classes of shares of our Company or subsidiary, the term of the incentive share

option will be five years from the date of grant or such shorter term as may be provided in the award agreement.

*Exercise price and consideration*

Exercise price. The per Share exercise price for the Shares to be issued pursuant to the exercise of a share option will be determined by the Administrator, but will be no less than one hundred percent of the fair market value per Share on the date of grant. In addition, in the case of an incentive share option granted to an employee of our Group who owns shares representing more than ten percent of the voting power of all classes of shares of our Company or any subsidiary, the per Share exercise price will be no less than one hundred ten percent of the fair market value per Share on the date of grant.

Waiting period and exercise dates. At the time a share option is granted, the Administrator will fix the period within which the share option may be exercised and will determine any conditions that must be satisfied before the share option may be exercised.

Form of consideration. The Administrator will determine the acceptable form of consideration for exercising a share option, including the method of payment.

*Exercise of share option*

Procedure for exercise; rights as a shareholder. Any share option granted under the Equity Incentive Plan will be exercisable according to the terms of the Equity Incentive Plan and at such times and under such conditions as determined by the Administrator and set forth in the award agreement. A share option may not be exercised for a fraction of a Share.

A share option will be deemed exercised when our Company receives: (i) notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the share option, and (ii) full payment for the Shares with respect to which the share option is exercised (together with applicable tax withholding). Shares issued upon exercise of a share option will be issued (and recorded in our Company's register of members) in the name of the participant or, if requested by the participant, in the name of the participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry in the register of members of our Company), no right to vote or receive dividends or any other rights as a Shareholder will exist with respect to the Shares subject to a share option, notwithstanding the exercise of the share option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as otherwise provided in the Equity Incentive Plan.

Exercising a share option in any manner will decrease the number of Shares thereafter available, both for purposes of the Equity Incentive Plan and for sale under the share option, by the number of Shares as to which the share option is exercised.

Termination of relationship as a Service Provider. If a participant ceases to be a Service Provider, other than upon such participant's termination as the result of such participant's death or disability, such participant may exercise his or her share option within three months of termination, or such longer period of time as is specified in the award agreement or in writing by the Administrator (but in no event later than the

expiration of the term of such share option as set forth in the award agreement) to the extent that the share option is vested on the date of termination. If after termination the participant does not exercise his or her share option within the time specified by the Administrator, the share option will terminate, and the Shares covered by such share option will revert to the Equity Incentive Plan. Unless otherwise provided by the Administrator, if on the date of termination the participant is not vested as to his or her entire share option, the Shares covered by the unvested portion of the Option will revert to the Equity Incentive Plan.

Disability of participant. If a participant ceases to be a Service Provider as a result of such participant's disability, such participant may exercise his or her share option within six months of termination, or such longer period of time as is specified in the award agreement or in writing by the Administrator (but in no event later than the expiration of the term of such share option as set forth in the award agreement) to the extent the option is vested on the date of termination. If after termination the participant does not exercise his or her share option within the time specified herein, the share option will terminate, and the Shares covered by such share option will revert to the Equity Incentive Plan. Unless otherwise provided by the Administrator, if on the date of termination the participant is not vested as to his or her entire share option, the Shares covered by the unvested portion of the share option will revert to the Equity Incentive Plan.

Death of participant. If a participant dies while being a Service Provider, the share option may be exercised within six months following such participant's death, or within such longer period of time as is specified in the award agreement or in writing by the Administrator (but in no event later than the expiration of the term of such share option as set forth in the award agreement) to the extent that the share option is vested on the date of death, by such participant's designated beneficiary, provided such beneficiary has been designated prior to the participant's death in a form (if any) acceptable to the Administrator. If no such beneficiary has been designated by the participant, then such share option may be exercised by the personal representative of the participant's estate or by the person(s) to whom the share option is transferred pursuant to the participant's will or in accordance with the laws of descent and distribution. If the share option is not so exercised within the time specified herein, the share option will terminate, and the Shares covered by such share option will revert to the Equity Incentive Plan. Unless otherwise provided by the Administrator, if at the time of death the participant is not vested as to his or her entire share option, the Shares covered by the unvested portion of the share option will immediately revert to the Equity Incentive Plan.

Restrictions on exercise. Notwithstanding anything to the contrary, unless otherwise provided by the Administrator, the share option, to the extent then vested, shall only become exercisable upon the occurrence of the earliest of (a) the [**REDACTED**] of our Company, (b) a change in control, (c) for the thirty days prior to expiration of the share option, and (d) if not otherwise specified in the award agreement or in writing by the Administrator (but in no event later than the expiration of the term of such share option as set forth in the award agreement), any event as stipulated in the foregoing.

***(g) Restricted share units***

Grant. Restricted share units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant restricted share units, it will advise the participant in an award agreement of the terms, conditions, and restrictions related to the grant, including the number of restricted share units.

Vesting criteria and other terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of restricted share units that will be paid out to the participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion.

Earning restricted share units. Upon meeting the applicable vesting criteria, the participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of restricted share units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout. The provisions in relation to exercise of share options shall apply to exercise of restricted share units *mutatis mutandis*.

Form and timing of payment. Payment of earned restricted share units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the award agreement. The Administrator, in its sole discretion, may settle earned restricted share units in cash, Shares, or a combination of both.

Cancellation. On the date set forth in the award agreement, all unearned restricted share units will be forfeited to our Company.

***(h) Leaves of absenceltransfer between locations***

Unless the Administrator provides otherwise or as otherwise required by applicable laws, vesting of awards granted under the Equity Incentive Plan will be suspended during any unpaid leave of absence. A participant will not cease to be an employee of our Group in the case of (i) any leave of absence approved by our Company or (ii) transfers between locations of our Company or between our Company or any subsidiary. For purposes of incentive share options, no such leave may exceed three months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by our Company is not so guaranteed, then six months following the first day of such leave, any incentive share option held by the participant will cease to be treated as an incentive share option and will be treated for tax purposes as a nonstatutory share option.

***(i) Limited transferability of awards***

Unless determined otherwise by the Administrator, awards may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution (which, for purposes of clarification, shall be deemed to include through a beneficiary designation if available), and may be exercised, during the lifetime of the participant, only by the participant. If the Administrator makes an award transferable, such award may only be transferred (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of the United States Securities Act.

***(j) Adjustments; dissolution or liquidation; merger or change in control***

Adjustments. In the event that any dividend (other than an ordinary dividend) or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, share sub-division, reorganization, merger, consolidation, combination, repurchase, or exchange of Shares or other securities of our Company, or other change in the corporate structure of our Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Equity Incentive Plan, will adjust the number and class of shares that may be delivered under the Equity Incentive Plan and/or the number, class, and price of shares covered by each outstanding award.

Liquidation and dissolution. In the event of the proposed liquidation and dissolution of our Company, the Administrator will notify each participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an award will terminate immediately prior to the consummation of such proposed action.

Merger or change in control. In the event of a merger of our Company with or into another corporation or other entity or a change in control, each outstanding award will be treated as the Administrator determines (subject to the provisions of the Equity Incentive Plan) without a participant's consent.

***(k) Tax withholding***

Prior to the delivery of any Shares, or cash pursuant to an award (or exercise thereof), our Company will have the power and the right to deduct or withhold, or require a participant to remit to our Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes required to be withheld with respect to such award (or exercise thereof).

***(l) Amendment and termination; governing law***

Amendment and termination. Our Board may at any time amend, alter, suspend or terminate the Equity Incentive Plan.

Shareholder approval. Our Company will obtain shareholder approval of any amendment to the Equity Incentive Plan to the extent necessary and desirable to comply with applicable laws.

Effect of amendment or termination. No amendment, alteration, suspension or termination of the Equity Incentive Plan will materially impair the rights of any participant, unless mutually agreed otherwise between the participant and the Administrator, which agreement must be in writing and signed by the participant and our Company. Termination of the Equity Incentive Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to awards granted under the Equity Incentive Plan prior to the date of such termination.

Governing law. The Equity Incentive Plan is governed by the internal substantive laws but not the choice of law rules of the Cayman Islands.

***(m) Forfeiture events***

All awards granted under the Equity Incentive Plan will be subject to recoupment under any clawback policy that our Company is required to adopt pursuant to the listing standards of any national securities exchange or

association on which our Company's securities are [**REDACTED**] or as is otherwise required by applicable laws. In addition, the Administrator may impose such other clawback, recovery or recoupment provisions in an award agreement as the Administrator determines necessary or appropriate, including but not limited to a reacquisition right regarding previously acquired Shares or other cash or property.

Repurchase Rights. Notwithstanding anything to the contrary, to the extent any vested portion of the share option is not terminated following the occurrence of any event as stipulated in the provisions in relation to exercise of share options, the Company shall have the right (but not the obligation) to repurchase from such participant (or his or her designated beneficiary or legal representative, as applicable) all or any portion of the vested portion of the share option and/or Shares obtained by such participant (or his or her designated beneficiary or legal representative, as applicable) upon exercise of all or any such portion of the share option. Our Company has the right to designate our Company (to the extent applicable) or subsidiary, or any person our Company deems appropriate to exercise repurchase right. The repurchase right may be immediately exercised at any time after the occurrence of such event as stipulated in the provisions in relation to exercise of share options or as otherwise as is specified in the award agreement. These provisions shall apply to restricted share units *mutatis mutandis*.

Without limiting the generality of the foregoing, the Administrator may specify in an award agreement that the participant's rights, payments, and benefits with respect to an award will be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an award.

**2. Outstanding Share Options and Share Awards Granted under the Equity Incentive Plan**

As of the Latest Practicable Date, 10,288,610 Shares underlying the share awards granted to our Directors, other employees and consultants have been allotted and issued to Axbio Talent. Such Shares represent approximately [**REDACTED**]% of the Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan). Axbio Talent is wholly owned by Futu Trustee Limited ("**Futu**"), the trustee of The Axbio Employee Incentive Trust set up to facilitate the administration of the share awards granted under the Equity Incentive Plan. Pursuant to the trust deed constituting The Axbio Employee Incentive Trust entered into between our Company and Futu, Futu shall abstain and shall cause Axbio Talent to abstain from exercising the voting rights attached to the Shares held by Axbio Talent. The vesting of the outstanding share awards will not cause any dilution effect on the shareholding of our Shareholders or our earnings per Share.

In addition, 5,005,000 Shares underlying the share options granted to our Directors, other employees and consultants will be allotted and issued when the share options are vested and exercised by the relevant grantees. Such Shares represent approximately [**REDACTED**]% of the Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued under the Equity Incentive Plan). Assuming full vesting and exercise of all the share options granted to our Directors, other employees and consultants under the Equity Incentive Plan, the dilution effect on the shareholding of our Shareholders immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) would be approximately [**REDACTED**]%. The impact of the outstanding share options on the earnings per Share for the two years ended December 31, 2024 and the six months ended June 30, 2025 is nil, nil and nil, respectively, since the share options would not be included in the calculation of diluted earnings per Share due to anti-dilution.

The table below sets out details of the share awards granted under the Equity Incentive Plan as of the Latest Practicable Date.

| Name | Position | Address | Date of grant | Number of Shares subject to share awards granted | Vesting period | Appropriate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)] *(%)* |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Dr. Ankang Li (李安康) | Independent non-executive Director | 6-201, 628 West Gumei Road, Minhang District, Shanghai, PRC | January 1, 2025 | 20,000 | *Note 2* | **[REDACTED]** |
| Ms. Tao Zhang (章濤) | Independent non-executive Director | No. 801, Unit 2, Building 1, Northwest Area, No. 8 Court, Yiguangsi Compound, Haidian District, Beijing, PRC | January 1, 2025 | 20,000 | *Note 2* | **[REDACTED]** |
| **Subtotal** | | | | **40,000** | | **[REDACTED]** |
| **Other employees and consultants of the Group** | | | | | | |
| 40 grantees | | | | 10,248,610[(3)] | *Note 2* | **[REDACTED]** |
| **Subtotal** | | | | **10,248,610[(3)]** | | **[REDACTED]** |
| **Total** | | | | **10,288,610[(3)]** | | **[REDACTED]** |

*Notes:*

(1) Based on the assumptions that the [**REDACTED**] is not exercised and no further Shares are allotted and issued under the Equity Incentive Plan.

(2) The share awards shall vest and become exercisable immediately following the completion of the [**REDACTED**] or 25% of the share awards shall vest on the one year anniversary of the vesting commencement date and 1/48 of the share awards shall vest each month thereafter on the same day of the month as the vesting commencement date (and if there is no corresponding day, on the last day of the month), subject to the grantee continuing to be a Service Provider through each such date.

(3) Includes certain share awards originally granted under the equity incentive plan of Axbio US adopted in November 2017 (the "**Axbio US Equity Incentive Plan**"). The Axbio US Equity Incentive Plan was terminated in connection with the Reorganization, but the share awards granted thereunder remain valid and are now governed by the Equity Incentive Plan following the Reorganization.

The table below sets out details of the share options granted under the Equity Incentive Plan as of the Latest Practicable Date.

| Name | Position | Address | Date of grant | Number of Shares subject to share options granted | Exercise price *(US$)* | Vesting period | Appropriate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)] *(%)* |
|---|---|---|---|---|---|---|---|
| **Director** | | | | | | | |
| Mr. Keith Warner | Independent non-executive Director | 152 Barbaree Way, Tiburon, CA 94920, United States | January 1, 2025 | 20,000 | 0.51 | *Note 2* | **[REDACTED]** |
| **Subtotal** | | | | **20,000** | | | **[REDACTED]** |
| **Other employees and consultants of the Group** | | | | | | | |
| Ms. Priyanka Agrawal | IC engineer contractor | 3507 Palmilla Drive, Apt. 1088, San Jose, CA 95134, United States | December 18, 2017 | 300,000 | 0.16 | *Note 2* | **[REDACTED]** |
| Mr. Steve Dreyer | VP engineering | 549 Valley View Drive, Los Altos, CA 94024, United States | December 18, 2017 | 1,150,000 | 0.16 | *Note 2* | **[REDACTED]** |
| Mr. Lean Wang | IT engineer | 1069 Happy Valley Ave., San Jose, CA 95129, United States | May 14, 2018 | 300,000 | 0.16 | *Note 2* | **[REDACTED]** |
| Mr. Vladimir Bashkirov | Fellow | 441 Avocet Ave., Davis, CA 95616, United States | January 1, 2022 | 320,000 | 0.46 | *Note 2* | **[REDACTED]** |
| Ms. Larissa Chaforost | Account payable | 2183 Nobili Avenue, Santa Clara, CA 95051, United States | January 1, 2022 | 20,000 | 0.46 | *Note 2* | **[REDACTED]** |
| | | | January 1, 2025 | 10,000 | 0.51 | *Note 2* | **[REDACTED]** |

| Name | Position | Address | Date of grant | Number of Shares subject to share options granted | Exercise price *(US$)* | Vesting period | Appropriate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)] *(%)* |
|---|---|---|---|---|---|---|---|
| Mr. Tao Hong | VP product | 3092 Millar Avenue, Santa Clara, CA 95051, United States | January 1, 2022 | 800,000 | 0.46 | *Note 2* | [REDACTED] |
| Mr. Egor Kachiguine | Software engineer contractor | 120 Locksley Avenue, Apt. 3, San Francisco, CA 94122, United States | January 1, 2022 | 150,000 | 0.46 | *Note 2* | [REDACTED] |
| | | | January 1, 2025 | 30,000 | 0.51 | *Note 2* | [REDACTED] |
| Mr. Onur Gur | Director of integration | 1355 El Camino Real, Unit 429, Redwood City, CA 94063, United States | January 1, 2022 | 120,000 | 0.46 | *Note 2* | [REDACTED] |
| | | | January 1, 2025 | 50,000 | 0.51 | *Note 2* | [REDACTED] |
| Ms. Ariana Myers | Research associate | 1355 El Camino Real, Unit 429, Redwood City, CA 94063, United States | January 1, 2022 | 30,000 | 0.46 | *Note 2* | [REDACTED] |
| Ms. Nina Nehme | Senior biomed engineer | 345 Forest Ave, Apt.101, Palo ALto, CA 94301, United States | January 1, 2022 | 50,000 | 0.46 | *Note 2* | [REDACTED] |
| | | | January 1, 2025 | 20,000 | 0.51 | *Note 2* | [REDACTED] |
| Mr. Donald Sharon | Principal scientist | 5595 Springhouse Drive, Pleasanton, CA 94588, United States | January 1, 2022 | 100,000 | 0.46 | *Note 2* | [REDACTED] |
| | | | January 1, 2025 | 50,000 | 0.51 | *Note 2* | [REDACTED] |
| Mr. Khoshnevis Seyed Alireza | Principal ML engineer | 1267 Lakeside Drive, Apt. 2072, Sunnyvale, CA 94085, United States | February 7, 2022 | 120,000 | 0.46 | *Note 2* | [REDACTED] |

| Name | Position | Address | Date of grant | Number of Shares subject to share options granted | Exercise price *(US$)* | Vesting period | Appropriate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)] *(%)* |
|---|---|---|---|---|---|---|---|
| Mr. Pulkit Kanodia | Senior scientist | 470 Boynton Ave., Unit 20, San Jose, CA 9117, United States | March 14, 2022 | 75,000 | 0.46 | *Note 2* | [REDACTED] |
| | | | January 1, 2025 | 20,000 | 0.51 | *Note 2* | [REDACTED] |
| Ms. Vidhyaa Baranikumar | R&D engineer | 2484 Robertson Road, Santa Clara, CA 95051, United States | September 12, 2022 | 25,000 | 0.46 | *Note 2* | [REDACTED] |
| | | | January 1, 2025 | 10,000 | 0.51 | *Note 2* | [REDACTED] |
| Mr. Nikolay Sergeev | VP applications | 705 King Lane, Foster City, CA 94404, United States | June 6, 2024 | 300,000 | 0.46 | *Note 2* | [REDACTED] |
| | | | January 1, 2025 | 50,000 | 0.51 | *Note 2* | [REDACTED] |
| Ms. Ying Qing Huang | Consultant | Rm 1601, T4, Central Park-view, 20 Qing Feng North Street, Tianhe District, Guangzhou, China | January 1, 2023 | 715,000 | 0.46 | *Note 2* | [REDACTED] |
| Mr. Jonathan Zerweck | Senior protein scientist | 236 Richardson St., Martinez, CA 94553, United States | January 1, 2025 | 50,000 | 0.46 | *Note 2* | [REDACTED] |
| Mr. Badrinath Jagannath | R&D engineer | 3508 Agate Dr, Apt 5, Santa Clara, CA 95051, United States | January 1, 2025 | 50,000 | 0.46 | *Note 2* | [REDACTED] |

| Name | Position | Address | Date of grant | Number of Shares subject to share options granted | Exercise price *(US$)* | Vesting period | Appropriate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)] *(%)* |
|---|---|---|---|---|---|---|---|
| Mr. Roberto Delgadillo-Morales | Senior protein scientist | 2087 Sahara Way, Apt 9, Santa Clara, CA 95050, United States | January 1, 2025 | 35,000 | 0.46 | *Note 2* | [REDACTED] |
| Ms. Sadaf Abed Blanco | Scientist | 2785 S Bascom Ave, Apt 32, Campbell, CA 95008, United States | January 1, 2025 | 35,000 | 0.46 | *Note 2* | [REDACTED] |
| **Subtotal** | | | | **4,985,000[(3)]** | | | [REDACTED] |
| **Total** | | | | **5,005,000[(3)]** | | | [REDACTED] |

*Notes:*

(1) Based on the assumptions that the [**REDACTED**] is not exercised and no further Shares are allotted and issued under the Equity Incentive Plan.

(2) The share options shall vest and become exercisable immediately following the completion of the [**REDACTED**] or 25% of the share options shall vest on the one year anniversary of the vesting commencement date and 1/48 of the share options shall vest each month thereafter on the same day of the month as the vesting commencement date (and if there is no corresponding day, on the last day of the month), subject to the grantee continuing to be a Service Provider through each such date.

(3) Includes certain share options originally granted under the Axbio US Equity Incentive Plan. The Axbio US Equity Incentive Plan was terminated in connection with the Reorganization, but the share options granted thereunder remain valid and are now governed by the Equity Incentive Plan following the Reorganization.

## E. OTHER INFORMATION

### 1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

## 2. Joint Sponsors

The Joint Sponsors have made an [**REDACTED**] on our behalf to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, the Shares in issue (including the Shares outstanding and to be converted from the Preferred Shares) and to be issued pursuant to the [**REDACTED**] and the exercise of the [**REDACTED**] and share options granted under the Equity Incentive Plan. The Joint Sponsors will receive an aggregate fee of US$800,000 for acting as joint sponsors for the [**REDACTED**].

SPDB International Capital Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. As AZ-CICC is interested in approximately 5.91% of the issued Shares of our Company as of the Latest Practicable Date, China International Capital Corporation Hong Kong Securities Limited does not consider itself to be independent from our Company according to Rule 3A.07(1) of the Listing Rules.

## 3. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

## 4. Qualification of Experts

The qualification of the experts who have given opinions or advice in this document are as follows:

| Name | Qualification |
|---|---|
| China International Capital Corporation Hong Kong Securities Limited | A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| SPDB 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 |
| Deloitte Touche Tohmatsu | Certified Public Accountants<br><br>Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance |
| Han Kun Law Offices | Legal advisor to our Company as to PRC law |
| Harney Westwood & Riegels | Legal advisor to our Company as to Cayman Islands law |
| China Insights Consultancy Limited | Industry consultant |

## 5. Consent of Experts

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which it is included.

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

## 6. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

## 7. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## 8. Miscellaneous

(a) Save as disclosed in "Financial Information," "History, Reorganization and Corporate Structure" and "[**REDACTED**]," within the two years immediately preceding the issue of this document:

(i) no share or debenture of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid up otherwise than in cash;

(ii) no share or debenture of any member of our Group is under option or agreed conditionally or unconditionally to be put under option;

(iii) no [**REDACTED**], [**REDACTED**], [**REDACTED**] or other special terms have been granted in connection with the [**REDACTED**] or [**REDACTED**] of any capital of any member of our Group; and

(iv) no [**REDACTED**] has been paid or is payable for [**REDACTED**], or agreeing to [**REDACTED**], or procuring or agreeing to procure [**REDACTED**], for any shares in or debentures of our Company.

(b) There are no founder or management or deferred shares in our Company.

(c) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoter within the two years immediately preceding the issue of this document.

(d) There is no arrangement under which future dividends are waived or agreed to be waived.

(e) There are no contracts for the hire or hire purchase of plant to or by our Group for a period of over one year which are substantial in relation to our Group's business.

(f) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months.

(g) No part of the equity or debt securities of our Company is listed or dealt in on any stock exchange, and no such listing or permission to deal on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

(h) Our Company has no outstanding convertible debt securities or debentures.

## DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 5. Consent of Experts"; and

(b) a copy of the material contract referred to in "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract."

## 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.axbio.cn** during a period of 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of Association;

(b) the Cayman Companies Act;

(c) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited [**REDACTED**] financial information of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this document;

(e) the audited consolidated financial statements of our Group for the two years ended December 31, 2025;

(f) the PRC legal opinion issued by Han Kun Law Offices, our PRC Legal Advisor, in respect of certain general corporate matters and property interests of our Group in the PRC;

(g) the letter of advice prepared by Harney Westwood & Riegels, our legal advisor as to Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix III to this document;

(h) the industry report prepared by China Insights Consultancy Limited, a summary of which is set out in "Industry Overview";

(i) the material contract referred to in "Appendix IV — Statutory and General Information — B. Further Information about Our business — 1. Summary of Material Contract";

(j) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 5. Consent of Experts";

(k) the service contracts and appointment letters with our Directors referred to in "Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Appointment Letters"; and

(l) the terms of the Equity Incentive Plan.