



友芝友生物製藥

WUHAN YZY BIOPHARMA CO., LTD.

武漢友芝友生物製藥股份有限公司

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

(Stock Code: 2496)

Executive Directors:

Dr. Zhou Pengfei (Chairman of the Board
and Chief Executive Officer)
Mr. Wen Zhicheng (溫植成)

Non-executive Directors:

Dr. Yuan Qian (袁謙)
Dr. Zhou Hongfeng (周宏峰)
Mr. Pang Zhenhai (龐振海)
Dr. Hui Xiwu (惠希武)
Mr. Xie Shouwu (謝守武)

Independent Non-executive Directors:

Dr. Cheng Bin (程斌)
Ms. Fu Lili (付黎黎)
Dr. Deng Yuezhen (鄧躍臻)
Dr. Chen Bin (陳斌)

*Registered Office and Head Office
in the PRC:*

No. 666 Gaoxin Road
East Lake High Tech Development Zone
Wuhan, Hubei Province
PRC

*Principal Place of Business
in Hong Kong:*

Room 1915, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

30 October 2026

To the Shareholders

Dear Sir or Madam,

- (1) CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED
ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND
(4) NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the Announcement. On 30 August 2026, the Company and the Subscribers entered into the Share Subscription Agreement, pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 35,592,400 Domestic Shares at the Subscription Price of RMB2.43 per Domestic Share.

The purpose of this circular is to provide you with information regarding, among others, (i) details of the Share Subscription, the Specific Mandate, the Whitewash Waiver and the proposed amendments to the Articles; (ii) a letter of recommendation from the Connected Transaction IBC to the Independent Shareholders on the Share Subscription and the Specific Mandate; (iii) a letter of recommendation from the Whitewash Waiver IBC to the Independent Shareholders on the Share Subscription, the Specific Mandate and the Whitewash Waiver; (iv) a letter of advice by the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders on the Share Subscription, the Specific Mandate and the Whitewash Waiver; (v) the valuation report of the properties of the Group; and (vi) a notice of the EGM together with the form of proxy, to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

2. THE SHARE SUBSCRIPTION AGREEMENT

Principal terms of the Share Subscription Agreement are set out below:

Date

30 August 2026

Parties

- (1) The Company; and
- (2) The Subscribers, namely, Dr. Yuan Qian, Dr. Zhou Hongfeng and Dr. Zhou Pengfei

Number of new Domestic Shares to be subscribed for

The Subscribers will subscribe for an aggregate of 35,592,400 new Domestic Shares. The details of the number of new Domestic Shares to be subscribed for by each of the Subscribers are set out below:

Name of the Subscriber	No. of new Domestic Shares
Dr. Yuan Qian	31,677,400
Dr. Zhou Hongfeng	3,559,200
Dr. Zhou Pengfei	<u>355,800</u>
Total	<u><u>35,592,400</u></u>

Subscription Shares

The Subscription Shares comprise 35,592,400 new Domestic Shares and represent:

- (i) approximately 247.68% of the existing issued Domestic Shares and 18.36% of the existing issued share capital of the Company as at the date of the Share Subscription Agreement and the Latest Practicable Date; and

- (ii) approximately 71.24% of the issued Domestic Shares and 15.51% of the issued share capital of the Company, in each case, as enlarged by the allotment and issue of the Subscription Shares immediately after Completion (assuming that there is no change in the issued share capital of the Company between the date of the Share Subscription Agreement and the Completion save for the allotment and issue of the Subscription Shares).

Based on the nominal value of RMB1.00 per Domestic Share, the aggregate nominal value of the Subscription Shares will be RMB35,592,400.

Subscription Price

The Subscription Price of RMB2.43 (equivalent to HK\$2.80957) per Domestic Share represents:

- (a) a discount of approximately 26.06% to the closing price of HK\$3.80 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 14.86% to the closing price of HK\$3.30 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 14.86% to the average closing price of HK\$3.30 per H Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Share Subscription Agreement;
- (d) a premium of approximately RMB2.70 over the audited consolidated net liabilities attributable to the Shareholders as at 31 December 2025 of approximately RMB0.27 per Share calculated based on the audited consolidated net liabilities of the Group attributable to the Shareholders of approximately RMB53,029,000 as at 31 December 2025 as extracted from the annual results of the Company for the year ended 31 December 2025 and 193,849,200 Shares in issue as at the date of the Share Subscription Agreement;
- (e) a premium of approximately RMB2.73 over the unaudited consolidated net liabilities attributable to the Shareholders as at 30 June 2026 of approximately RMB0.30 per Share calculated based on the unaudited consolidated net liabilities of the Group attributable to the Shareholders of approximately RMB58,557,000 as at 30 June 2026 as extracted from the interim results of the Company for the six months ended 30 June 2026 and 193,849,200 Shares in issue as at the date of the Share Subscription Agreement;
- (f) a premium of approximately RMB2.60 over the adjusted unaudited consolidated net liabilities attributable to the Shareholders as at 30 June 2026 of approximately RMB0.17 per Share calculated based on the unaudited consolidated net liabilities attributable to the Shareholders as at 30 June 2026 as adjusted by the property valuation report set out in Appendix II. Such calculation is set out under the section headed “Adjusted Net Liabilities after the Property Valuation” in Appendix I to this circular; and

- (g) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 4.09%, represented by the theoretical diluted price of approximately HK\$3.165 per Share to the benchmarked price of approximately HK\$3.30 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (a) the closing price of the Shares as quoted on the date prior to the date of the Share Subscription Agreement of HK\$3.30 per Share, and (b) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Share Subscription Agreement of HK\$3.30 per Share.

Basis for determining the Subscription Price

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers and with reference to (i) the prevailing market price and recent trading volume of the Shares, (ii) the current market conditions and (iii) the amount of funds that the Company intends to raise under the Share Subscription as primarily determined based on the outstanding amount of bank borrowings. The Directors (excluding members of the Independent Board Committees whose views have been set out in the letters of the Connected Transaction IBC and the Whitewash Waiver IBC, respectively, after considering the advice of the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Specific Mandate

The 35,592,400 Domestic Shares will be issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects among themselves and with the existing Domestic Shares in issue at the time of allotment and issue of such new Domestic Shares.

Any transfer of the new Domestic Shares to be issued pursuant to the Share Subscription Agreement shall comply with the relevant provisions of the Company Law of the PRC and other laws and regulations and the Articles regarding the transfer of Shares. Save for the foregoing, there are no other restrictions on the transfer of the new Domestic Shares.

Conditions Precedent

Completion is conditional upon the satisfaction of the following conditions:

- (1) the Share Subscription having been duly approved by the Board;

- (2) the Share Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate having been duly approved by not less than two-thirds of the Independent Shareholders at the EGM;
- (3) the Whitewash Waiver having been duly approved by at least 75% of the Independent Shareholders at the EGM;
- (4) the Executive having granted, and not having withdrawn or revoked such grant, the Whitewash Waiver and the fulfilment of all conditions (if any) attached to the Whitewash Waiver; and
- (5) the Company having obtained the registration decision from the CSRC in respect of the Share Subscription.

None of the Conditions Precedent can be waived under the Share Subscription Agreement. As at the Latest Practicable Date, save for the Condition Precedent set out in (1) which has been fulfilled, none of the Conditions Precedent had been fulfilled.

If any of the Conditions Precedent is not satisfied on or before the Long Stop Date, the Share Subscription Agreement shall be terminated.

Pursuant to Article 116 of the Company Law of the PRC and articles 78 and 80 of the Articles, any increase of the registered capital of the Company shall be approved by two-thirds or more of the voting rights held by the Shareholders (including proxies of the Shareholders) attending the EGM.

Pursuant to Measures for the Supervision and Administration of Non-exchange Listed Public Companies issued by the CSRC, the Company is required to obtain the registration decision from the CSRC before it may issue new Domestic Shares. The Company was advised by its PRC legal adviser that it may take several months or up to a year before such registration decision may be issued.

Restriction

For the period until the date of Completion, the Company shall not effect any dividend distribution, issue of bonus shares or transfer of share capital.

Completion

Upon receiving the Subscription Price in full for the Share Subscription from the Subscribers, the Company shall engage an accounting firm that meets the requirements of the PRC Securities Law to complete a capital verification report and promptly complete the issuance filing procedures, the corresponding procedures for the change of industrial and commercial registration with the State Administration for Market Regulation in PRC in respect of the Company's change in registered capital and the change of share registration with China Securities Depository and Clearing Corporation Limited. All the

Conditions Precedent will have to be fulfilled before the Company can proceed to effect the change of share registration. The Share Subscription shall be deemed completed after completion of the aforementioned registration.

3. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion (assuming no other changes to the issued share capital of the Company prior to Completion):

Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately upon Completion	
		Percentage		Percentage	
		Number of	of total	Number of	of total
		Shares	issued Shares	Shares	issued Shares
(Note 1)					
(Note 2)					
(A) The Subscribers and the Concert Parties					
Dr. Yuan Qian (Note 3)	H Shares	20,399,933	10.52%	20,399,933	8.89%
	Domestic Shares	0	0.00%	31,677,400	13.81%
	Sub-total	20,399,933	10.52%	52,077,333	22.70%
Dr. Zhou Hongfeng (Note 3)	H Shares	10,199,921	5.26%	10,199,921	4.45%
	Domestic Shares	0	0.00%	3,559,200	1.55%
	Sub-total	10,199,921	5.26%	13,759,121	6.00%
Dr. Zhou Pengfei (Note 3)	H Shares	6,869,744	3.54%	6,869,744	2.99%
	Domestic Shares	0	0.00%	355,800	0.16%
	Sub-total	6,869,744	3.54%	7,225,544	3.15%
Sub-total for Subscribers	H Shares	37,469,598	19.33%	37,469,598	16.33%
	Domestic Shares	0	0.00%	35,592,400	15.51%
	Sub-total	37,469,598	19.33%	73,061,998	31.84%
Wuhan Caizhi (Notes 3 and 4)	H Shares	16,792,707	8.66%	16,792,707	7.32%
Ms. Huang Lin (Note 5)	H Shares	1,342,600	0.69%	1,342,600	0.59%
Nanning Huiyou (Note 6)	H Shares	10,142,797	5.23%	10,142,797	4.42%
Zhongheng Tongde (Note 6)	H Shares	3,700,872	1.91%	3,700,872	1.61%

Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately upon Completion	
		Number of Shares	Percentage of total issued Shares (Note 1)	Number of Shares	Percentage of total issued Shares (Note 2)
Gongqingcheng Huiyou (Note 6)	H Shares	3,038,340	1.57%	3,038,340	1.32%
Caizhi No.2 (Note 7)	H Shares	11,620,411	5.99%	11,620,411	5.06%
CSPC-NBP (Note 8)	H Shares	51,241,785	26.43%	51,241,785	22.33%
Sub-total of (A)	H Shares	135,349,110	69.82%	135,349,110	58.99%
	Domestic Shares	0	0.00%	35,592,400	15.51%
	Sub-total	<u>135,349,110</u>	<u>69.82%</u>	<u>170,941,510</u>	<u>74.50%</u>
(B) Other public Shareholders					
	H Shares	44,130,003	22.77%	44,130,003	19.23%
	Domestic Shares	14,370,087	7.41%	14,370,087	6.26%
	Sub-total of (B)	<u>58,500,090</u>	<u>30.18%</u>	<u>58,500,090</u>	<u>25.50%</u>
Total issued Shares		<u>193,849,200</u>	<u>100.00%</u>	<u>229,441,600</u>	<u>100.00%</u>

Notes:

- (1) The calculation is based on the total number of 179,479,113 H Share and 14,370,087 Domestic Shares in issue as at the Latest Practicable Date.
- (2) The calculation is based on the total number of 179,479,113 H Share and 49,962,487 Domestic Shares in issue as at immediately upon Completion.
- (3) Pursuant to the Concert Party Agreements, the AIC Parties agreed (i) to act in concert by way of reaching consensus on proposals related to the Group's daily management and operation presented to all general meetings and Board meetings of the Company; and (ii) that when no consensus can be reached, the AIC Parties shall vote in concurrence with Dr. Yuan Qian on the proposals, or, in the event of Dr. Yuan Qian's absence from voting, the AIC Parties shall vote in concurrence with the AIC Party with the highest shareholding percentage among the AIC Parties who votes at the meetings.
- (4) Wuhan Caizhi is a limited partnership established in the PRC and one of the employee incentive platforms of the Company. The voting rights held by Wuhan Caizhi in the Company shall be exercised pursuant to the Concert Party Agreements. The executive partner of Wuhan Caizhi is Wuhan Caizhi Technology Co., Ltd. (武漢才智科技有限公司) ("Wuhan Caizhi GP"). Wuhan Caizhi is owned (i) as to 50.76% by Nanjing Huiyou Jucai Enterprise Management Partnership (Limited Partnership) 南京匯友聚才企業管理合夥企業(有限合夥), (ii) as to 29.33% by Nanjing Huiyou Juzhi Enterprise Management Partnership (Limited Partnership) (南京匯友聚智企業管理合夥企業(有限合夥)), (iii) as to 8.66% by Dr. Zhou Pengfei, (iv) as to 0.55% by Wuhan Caizhi GP and (v) as to the remaining 10.70% interest by 21 individuals who are the limited partners of Wuhan Caizhi and current or former employees of the Group, each holding not more than 4%.

- (5) Ms. Huang Lin, the spouse of Dr. Zhou Hongfeng, is interested in 1,342,600 H Shares and she is a member of the Concert Parties. The 1,342,600 H Shares held by Ms. Huang Lin was acquired on 11 June 2026 by Ms. Huang Lin from Puhua Kaizhi for a total consideration of HK\$5,065,247.45 (i.e. HK\$3.78 per H Share). Puhua Kaizhi was owned (i) as to 50% by YZY Industrial Group Co., Ltd. (友芝友實業集團有限公司), a company wholly-owned by Dr. Yuan Qian, (ii) as to 30% by Dr. Zhou Hongfeng and (iii) as to 20% by Mr. Zhou Hongjun, brother of Dr. Zhou Hongfeng.
- (6) (a) Nanning Huiyou is a limited partnership established in the PRC and is owned (i) as to 26.55% by Chongqing Laimi Pharmaceutical Co., Ltd. (重慶萊美藥業股份有限公司) (stock code: 300006.SZ), (ii) as to 21.24% by Shenzhen Tianzheng Investment Co., Ltd. (深圳市天正投資有限公司), (iii) as to 13.27% by Anhui Youlian Huizhi Enterprise Management Consulting Partnership (Limited Partnership) (安徽友聯匯智企業管理諮詢合夥企業), (iv) as to 0.88% by Nanning Yaoyou, which is the general partner of Nanning Huiyou and (v) as to the remaining 38.06% interest by 16 individuals who are individual investors of Nanning Huiyou and are third parties independent of the Company and its connected persons, each holding not more than 8%. Nanning Yaoyou is owned (i) as to 60% by Mr. Guo Hongwei, (ii) as to 39.75% by Mr. Wen, who is one of the general partners of Nanning Yaoyou, and (iii) as to 0.25% by Tongde Qianyuan, which is one of the general partners of Nanning Yaoyou. Tongde Qianyuan is owned (i) as to approximately 72.38% by Mr. Wen, (ii) as to approximately 13.34% by Mr. Fan Xiaodong, (iii) as to approximately 8.57% by Mr. Sha Shi and (iv) as to approximately 5.71% by Mr. Guo Hongwei.
- (b) Zhongheng Tongde is a limited partnership established in the PRC and is owned (i) as to 98% by its limited partner, Guangxi Wuzhou Zhongheng Group Co., Ltd (廣西梧州中恒集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600252.SH) and (ii) as to 2% by its general partner, Tongde Tongxin. Tongde Tongxin is owned (i) as to 33% by Mr. Wang Jinxu, (ii) as to 33% by Mr. Guo Hongwei, (iii) as to 29% by Mr. Wen and (iv) as to 5% by its general partner, Tongde Qianyuan.
- (c) Gongqingcheng Huiyou is a limited partnership established in the PRC, whose general partner is Gongqingcheng Yaoyou and is owned (i) as to 25% by Mr. Peng Zhongxi, (ii) as to 15.5% by Mr. Zhang Hongtao, (iii) as to 10% by Mr. Li Longjun, (iv) as to 7.5% by Mr. Wu Haoshan, (v) as to 7.5% by Mr. Chen Wenping, (vi) as to 2.5% by Gongqingcheng Yaoyou and (vii) as to the remaining 32% by 8 individual investors, each holding not more than 5%. Gongqingcheng Yaoyou is owned (i) as to 60% by Mr. Guo Hongwei, (ii) as to 39% by Mr. Wen and (iii) as to 1% by its general partner, Tongde Qianyuan.

As Mr. Wen is interested in 72.38% of Tongde Qianyuan, which is the general partner of the general partner of each of Nanning Huiyou, Zhongheng Tongde and Gongqingcheng Huiyou, each of Nanning Huiyou, Zhongheng Tongde and Gongqingcheng Huiyou is considered to be controlled by Mr. Wen.

For the purpose of the Share Subscription involving the Whitewash Waiver, Mr. Wen is presumed to be acting in concert with the Subscribers by virtue of being Directors under Class (6) of the definition of “acting in concert” under the Takeovers Code, and therefore, each of Nanning Huiyou, Zhongheng Tongde and Gongqingcheng Huiyou, which is considered to be controlled by Mr. Wen, is also presumed to be acting in concert with the Subscribers.

None of the Subscribers is a general partner or limited partner of any of Nanning Huiyou, Zhongheng Tongde and Gongqingcheng Huiyou and there does not exist any of the relationship between any of the Subscribers on one hand and limited partners of any of Nanning Huiyou, Zhongheng Tongde and Gongqingcheng Huiyou on the other hand falling within any of the 9 classes of presumption of the definition of “acting in concert” under the Takeovers Code (except for Mr. Wen who is a Director), none of the limited partners of Nanning Huiyou, Zhongheng Tongde and Gongqingcheng Huiyou is a partner acting in concert with the Subscribers.

- (7) Caizhi No. 2 is a limited partnership established in the PRC and one of the employee incentive platforms of the Company. The general partner of Caizhi No. 2 is Wuhan Huiyou Juyou Enterprise Management Co., Ltd (武漢匯友聚友企業管理有限公司) (“**Caizhi No. 2 GP**”), which is owned as to 90% by Dr. Zhou Pengfei and 10% by Mr. Li Si. Caizhi No. 2 is held (i) as to 24.49% by CSPC-NBP, (ii) as to 23.72% by Dr. Zhou Pengfei, (iii) as to 9.75% by Dr. Yuan Qian, (iv) as to 5.03% by Mr. Yi Jizu, (v) as to 4.87% by Dr. Zhou Hongfeng, (vi) as to 4.38% by Mr. Wen, (vii) as to 0.04% by Caizhi No. 2 GP and (viii) as to the remaining 27.72% by 3 companies and 12 individuals, each holding less than 4%.

The general partner of Caizhi No. 2, Caizhi No. 2 GP, is controlled by Dr. Zhou Pengfei who is an executive Director and one of the Subscribers. Therefore, it is presumed to be acting in concert with the Subscribers under Class (2) of the definition of “acting in concert” under the Takeovers Code.

- (8) CSPC-NBP is directly and indirectly owned as to 100% by CSPC. Based on disclosure made pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as at 20 July 2026, Mr. Cai Dong Chen was the single largest shareholder of CSPC interested in 26.39% shares of CSPC. As CSPC-NBP is a limited partner of Caizhi No. 2 holding more than 20% interest in Caizhi No. 2 and is therefore presumed to be acting in concert with Dr. Zhou Pengfei, one of the Subscribers, under Class (1) of the definition of “acting in concert” under the Takeovers Code. Considering the Company’s previous discussions with CSPC with respect to their support for the Share Subscription, the Subscribers and the Company had decided to withdraw the rebuttal application of the aforesaid presumption.

- (9) Saved as disclosed above, none of the Directors holds any Shares.

4. REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION

The Group is under considerable operating cash pressure. As at 30 June 2026, the Group had bank balances and cash of approximately RMB75.9 million, while trade and other payables of approximately RMB33.4 million and bank borrowings of approximately RMB138.6 million. The Directors consider that the Share Subscription can raise capital in order to maintain a sufficient cash position of the Group to meet its current liabilities and to enhance the capital base of the Company. The replenishment of working capital will enhance the capital strength of the Company and effectively broaden the channels of capital reserve to expand the business development of the Company. The Share Subscription by the founders of the Company demonstrates continued commitment and confidence in the prospects of the Company. At the same time, the issue of the Share Subscription will effectively reduce the gearing ratio of the Company, optimise the capital structure, improve the overall financial position of the Company and lower the financial risks.

The Board is aware of the potential dilution effect on the shareholding interest of the existing Shareholders following the issue of the Subscription Shares. Save for the aforesaid potential dilution effect, the Board is of the view that the Subscription would not have any disadvantages to the Company. However, after taking into consideration that (i) the struggling financial position of the Group, (ii) the rationale of the use of proceeds as set out in the section headed “Proposed Use of Proceeds” and (iii) the terms of the Subscription Agreement (including the Subscription Price) is fair and reasonable, the Board considers that the dilution effect is justifiable.

As such, the Directors (excluding members of the Independent Board Committees whose views have been set out in the letters of the Connected Transaction IBC and the Whitewash Waiver IBC, respectively, after considering the advice of the Independent Financial Adviser) consider that the terms of the Share Subscription Agreement (including the Subscription Price) are fair and reasonable and on normal commercial terms, and in the interests of the Group and the Shareholders as a whole.

5. PROPOSED USE OF PROCEEDS

Subject to Completion, the net proceeds from the Share Subscription (after deduction of related costs, expenses and fees) are estimated to amount to approximately RMB83 million (the “**Net Proceeds**”), respectively, representing a net price of RMB2.33 per Subscription Share.

The Company intends to apply the Net Proceeds as follows:

- (i) approximately 90% (or approximately RMB74.7 million) of the Net Proceeds will be allocated to the repayment of bank borrowings; and
- (ii) approximately 10% (or approximately RMB8.3 million) of the Net Proceeds will be allocated to the general working capital and general corporate purposes of the Group, including but not limited to professional fees, payroll-related expenses, administrative fees and other corporate expenses.

6. FUTURE INTENTIONS OF THE SUBSCRIBERS REGARDING THE GROUP

The Subscribers consider and confirm that:

- (a) it is intended that the Group will continue its existing business following Completion;
- (b) they share the view of the Company that the Share Subscription is in the interests of the Group, as disclosed in the paragraphs headed “Reasons for and Benefits of the Share Subscription” and “Proposed Use of Proceeds” above; and
- (c) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group’s employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

7. FUND RAISING ACTIVITY IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities through any issue of equity securities within the 12 months immediately prior to the Latest Practicable Date.

8. INFORMATION ON THE PARTIES

Information on the Company

The Company is a biotechnology company dedicated to developing bispecific antibody (BsAb)-based therapies. The Company has been forward-looking in deploying its presence in a number of promising therapeutic fields, including but not limited to tumor-associated complications, tumors, ophthalmology and autoimmune diseases. The Company also proactively established several self-developed technology platforms, such as Y-BODY[®], Check-Body and Nano-Ybody[®], promoting the development of more candidates to clinical stages with high efficiency.

Information on the Subscribers

Dr. Yuan Qian

Dr. Yuan Qian is a non-executive Director and a co-founder of the Group. He is also a substantial Shareholder. He is involved in the formulation of the general corporate business plans, strategies, and major decisions of the Group through the Board. As at the Latest Practicable Date, he was interested in 20,399,933 H Shares, representing approximately 10.52% of the issued share capital of the Company. Immediately after Completion, he will be interested in 20,399,933 H Shares (representing approximately 8.89% of the issued share capital of the Company) and 31,677,400 Domestic Shares (representing approximately 13.81% of the issued share capital of the Company), representing in aggregate approximately 22.70% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion save for the allotment and issue of the Subscription Shares).

Dr. Zhou Hongfeng

Dr. Zhou Hongfeng is a non-executive Director and a co-founder of the Group. He is currently responsible for participating in the formulation of the general corporate business plans, strategies and major decisions of the Group through the Board. As at the Latest Practicable Date, he was interested in 10,199,921 H Shares, representing approximately 5.26% of the issued share capital of the Company. Immediately after Completion, he will be interested in 10,199,921 H Shares (representing approximately 4.45% of the issued share capital of the Company) and 3,559,200 Domestic Shares (representing approximately 1.55% of the issued share capital of the Company), representing in aggregate approximately 6.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion save for the allotment and issue of the Subscription Shares).

Dr. Zhou Pengfei

Dr. Zhou Pengfei is an executive Director and a co-founder of the Group. He is responsible for the overall strategic planning of the Group and supervises and oversees the management of our business. He also serves as the general manager of all of the Company's subsidiaries, namely Shijiazhuang Shiyong Biotechnology Co., Ltd. (石家莊石友生物技術有限公司) and Wuhan Youwei Biotechnology Co., Ltd (武漢友微生物技術有限公司), respectively. As at the Latest Practicable Date, he was interested in 6,869,744 H Shares, representing approximately 3.54% of the issued share capital of the Company. Immediately after Completion, he will be interested in 6,869,744 H Shares (representing approximately 2.99% of the issued share capital of the Company) and 355,800 Domestic Shares (representing approximately 0.16% of the issued share capital of the Company), representing in aggregate approximately 3.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion save for the allotment and issue of the Subscription Shares).

9. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, each of the Subscribers is a Director and Dr. Yuan Qian is also a substantial Shareholder. The Subscribers are directly and indirectly interested in an aggregate of 55,604,905 Shares, representing approximately 28.68% of the total issued share capital of the Company. Pursuant to the Listing Rules, each of the Subscribers is a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction of the Company and subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

10. BOARD'S APPROVAL

Dr. Yuan Qian, Dr. Zhou Hongfeng and Dr. Zhou Pengfei have abstained from voting at the Board meeting for approval of the relevant resolutions in respect of the Share Subscription, the Specific Mandate, the Whitewash Waiver and the proposed amendments to the Articles.

Save as disclosed above, none of the Directors has a material interest in the Share Subscription or is required to abstain from voting on the Board resolutions for considering and approving the Share Subscription, the Specific Mandate and the Whitewash Waiver pursuant to the Listing Rules and/or the Articles.

The Board has approved the resolutions for considering and approving the Share Subscription, the Specific Mandate, the Whitewash Waiver and the proposed amendments to the Articles, subject to the Independent Shareholders' approval at the EGM.

11. TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Subscribers and the Concert Parties, hold an aggregate of 135,349,110 H Shares, representing 69.82% of the total issued share capital of the Company. Following Completion and assuming no other changes to the total issued share capital of the Company prior to Completion, the Subscribers and the Concert Parties will together be interested in an aggregate of 170,941,510 Shares (representing in aggregate approximately 74.50% of the issued share capital of the Company), which comprise 135,349,110 H Shares and 35,592,400 Domestic Shares, representing approximately 58.99% and 15.51% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares (assuming that there is no other change in the issued share capital of the Company), respectively.

As the Share Subscription will increase the aggregate shareholding of the Subscribers from approximately 19.33% to approximately 31.84% and, together with the Concert Parties, from approximately 69.82% to approximately 74.50%, pursuant to Rule 26.1 of the Takeovers Code, the issue of Subscription Shares to the Subscribers will give rise to an obligation on the part of the Subscribers to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by the Subscribers and the Concert Parties unless the Whitewash Waiver is obtained from the Executive.

Completion is conditional upon, among others, the granting of the Whitewash Waiver by the Executive and approval by the Independent Shareholders. An application has been made by the Company on behalf of the Subscribers to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the issue of the Subscription Shares pursuant to the Share Subscription. The Executive has indicated that the Whitewash Waiver will be granted subject to the approval by at least 75% and not less than two-third of the votes cast by the Independent Shareholders either in person or by proxy by way of poll in respect of the Whitewash Waiver and the Share Subscription (including the grant of the Specific Mandate and the approval of the Share Subscription Agreement), respectively, at the EGM.

The Subscribers and the Concert Parties and their respective associates and any other persons who are involved or interested in the Share Subscription, the Specific Mandate and/or the Whitewash Waiver will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver and in the event that it is not granted, the Share Subscription Agreement shall not take effect and the Share Subscription will not proceed.

As at the Latest Practicable Date, the Company confirms that the Share Subscription will not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Share Subscription does not comply with other applicable rules and regulations. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

If the Whitewash Waiver is approved by the Independent Shareholders, upon the issue of the Subscription Shares to the Subscribers (and assuming there is no other change to the issued share capital of the Company), the aggregate interest of the Subscribers and the Concert Parties in the Company will exceed 50%. The Subscribers and the Concert Parties may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

12. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES

Pursuant to the Listing Rules, the Connected Transaction IBC (comprising all the independent non-executive Directors who have no direct or indirect interests in the Share Subscription Agreement and transactions contemplated thereunder, namely Dr. Cheng Bin, Ms. Fu Lili, Dr. Deng Yuezhen and Dr. Chen Bin) has been formed to advise the Independent Shareholders on whether the Share Subscription (including the Share Subscription Agreement and transactions contemplated thereunder, and the Specific Mandate) is fair and reasonable and make recommendations as to voting.

Pursuant to Rule 2.8 of the Takeovers Code, the Whitewash Waiver IBC (comprising all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver, namely Mr. Xie Shouwu, a non-executive Director; and Dr. Cheng Bin, Ms. Fu Lili, Dr. Deng Yuezhen and Dr. Chen Bin, each an independent non-executive Director) has also been formed to advise the Independent Shareholders as to the Share Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver and make recommendations as to voting. Since the non-executive Directors, Dr. Yuan Qian and Dr. Zhou Hongfeng, are Subscribers, they are not included as members of the Whitewash Waiver IBC. In addition, Mr. Pang Zhenhai and Dr. Hui Xiwu, each a non-executive Director, are employees and directors nominated by CSPC-NBP. As CSPC-NBP is one of the Concert Parties, they are considered to have direct or indirect interest in the Share Subscription and the Whitewash Waiver and are not included as members of the Whitewash Waiver IBC.

13. PROPOSED AMENDMENTS TO THE ARTICLES

The Board proposed to make certain amendments to the Articles, to take effect subject to and upon Completion, in order to reflect the latest registered capital and shareholding structure of the Company as a result of the issue of the Subscription Shares.

The proposed amendments to the Articles are subject to approval by the Shareholders by way of special resolution at the EGM and the registration and filing with the relevant PRC government authorities.

Details of the proposed amendments to the Articles are as follows:

Article No.	Original Article	Amended Article
Article 6	The registered capital of the Company is RMB193,849,200.	The registered capital of the Company is RMB 229,441,600 .
Article 21	<p>With the approval of the CSRC on March 30, 2023 and the approval of the Hong Kong Stock Exchange on September 22, 2023, the Company may issue no more than 60,666,800 overseas listed foreign shares (assuming that the Over-allotment Option is not exercised) to overseas investors. If the Over-allotment Option is exercised, the Company may issue no more than 69,766,800 overseas listed foreign shares. The shareholders of unlisted shares will convert 99,619,614 domestic unlisted shares of the Company held by them into overseas listed foreign shares.</p> <p>After the completion of the abovementioned issuance of overseas listed foreign shares, the conversion of domestic unlisted shares into overseas listed foreign shares and the partial exercise of the over-allotment option, the share capital structure of the Company is: 193,849,200 ordinary shares, including 82,380,386 domestic unlisted shares and 111,468,814 overseas listed foreign shares (including 99,619,614 overseas listed foreign shares converted from domestic unlisted shares).</p>	<p><u>The total share capital of the Company is 229,441,600 shares, all of which are ordinary shares. Of these, 49,962,487 shares are unlisted shares, representing 21.7757% of the Company's total share capital, and 179,479,113 shares are overseas-listed foreign shares (including 167,629,913 overseas-listed foreign shares converted from domestic unlisted shares), representing 78.2243% of the Company's total share capital.</u></p>

Save for the proposed amendments to the Articles above, other provisions of the Articles shall remain unchanged. The English version of the above proposed amendments is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

14. EXTRAORDINARY GENERAL MEETING

The EGM will be convened at 10:00 a.m. on Tuesday, 17 November 2026 at Conference Room 3, 2nd Floor, Building C2-1, No. 666 Gaoxin Road, East Lake High Tech Development Zone, Wuhan, Hubei Province, PRC to consider and, if thought fit, approve, among others, (i) the Share Subscription (including the transactions contemplated under the Share Subscription Agreement); (ii) the Specific Mandate; (iii) the Whitewash Waiver; and (iv) the proposed amendments to the Articles. The voting in relation to the Share Subscription Agreement, the Specific Mandate, the Whitewash Waiver and proposed amendments to the Articles at the EGM will be conducted by way of poll.

The Subscribers and the Concert Parties and their respective associates and any other Shareholder who is involved or interested in the Share Subscription, the Specific Mandate and the Whitewash Waiver will be required to abstain from voting on the resolutions to be proposed at the EGM for approving the Share Subscription, the Specific Mandate and the Whitewash Waiver.

Save as disclosed above, as at the Latest Practicable Date, no Shareholder had any interest or involvement in the Share Subscription and the Whitewash Waiver, and no other Shareholder was required to abstain from voting at the EGM on the resolutions approving the Share Subscription, the Specific Mandate and the Whitewash Waiver.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to the Listing Rules and the Articles, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yzybio.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarized copy of that power of attorney or authority at the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Monday, 16 November 2026 or the adjourned meeting (as the case may be)). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

15. RECOMMENDATION

Your attention is drawn to: (i) the letter from the Connected Transaction IBC set out on pages 24 to 25 of this circular and (ii) the letter from the Whitewash Waiver IBC is set out on pages 26 to 27 of this circular, containing its recommendation to the Independent Shareholders in respect of the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver and (iii) the letter from the Independent Financial Adviser set out on pages 28 to 63 of this circular, containing its advice to the Independent Board Committees and the Independent Shareholders in respect of the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver.

16. ADDITIONAL INFORMATION

Your attention is drawn to the additional information which is also set out in the appendices to this circular.

Shareholders and potential investors of the Company are advised to note that, as the Share Subscription is subject to the satisfaction of the Conditions Precedent, including but not limited to the granting of the Whitewash Waiver by the Executive and the approval of the Share Subscription and the Whitewash Waiver by Independent Shareholders, the proposed Share Subscription may or may not proceed. Therefore, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

By order of the Board
Wuhan YZY Biopharma Co., Ltd.



Dr. Zhou Pengfei
*Chairman of the Board, Executive Director
and Chief Executive Officer*