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 this document in its entirety before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any investment. Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors" of this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**]. ***In particular, we are a biotech company seeking to list 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.*** *There are unique challenges, risks and uncertainties associated with* [**REDACTED**] *in companies such as us. Your* [**REDACTED**] *should be made in light of these considerations.*

OVERVIEW

Founded in 2015, we are a China-based vaccine company dedicated to the research, development, manufacturing and commercialization of innovative vaccines and traditional vaccines adopting new technical methods. In formulating our pipeline, we closely track global trends in infectious disease incidence and vaccine R&D, with a strategic focus on high-end vaccines, aiming to replace traditional vaccines and imported vaccines in China and establish our presence in international markets. We have two Core Products, the quadrivalent subunit influenza vaccine and lyophilized human rabies vaccine candidate. Our quadrivalent subunit influenza vaccine represents a significant technological advancement from the traditional split-virion vaccines, offering comprehensive protection with high antigen purity and low risks of adverse reactions. It was approved by the NMPA for individuals aged three years and above under the brand name Huierkangxin (慧爾康欣) in May 2023 and remained the first and only quadrivalent subunit influenza vaccine approved in China as of the Latest Practicable Date. Employing our in-house manufacturing facilities and sales and marketing team, we commenced commercialization of this vaccine after receiving approval and generated revenue of RMB217.2 million in the nine months ended September 30, 2024. We also submitted an NDA for the use of the quadrivalent subunit influenza vaccine in children aged 6 to 35 months, which was accepted by the NMPA in June 2024. Our lyophilized human rabies vaccine candidate is developed using human diploid cells, which are recommended by the WHO as one of the safest cell culture substrates for the production of viral vaccines. It demonstrated a promising safety profile in its completed Phase I clinical trial and we expect to initiate a Phase III clinical trial in the second or third quarter of 2025. As of the Latest Practicable Date, in addition to the two Core Products, our pipeline included 11 other vaccine candidates covering various disease areas with significant needs for vaccination.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ALL OF OUR CORE PRODUCTS AND OTHER PIPELINE PRODUCTS SUCCESSFULLY.

SUMMARY

The following chart summarizes our pipeline as of the Latest Practicable Date.

Product	Indication	R&D	Preclinical	IND Approval	Clinical			NDA Approval	Expected Near-term Milestone
					Phase I	Phase II	Phase III		
Quadrivalent subunit influenza vaccine*	Influenza (3 years and above)	Self-developed							Completion of post-approval safety study in Q4 2025
	Influenza (6 to 35 months)	Self-developed							NDA approval in 2025
Adjuvanted quadrivalent subunit influenza vaccine	Influenza (65 years and above)	Self-developed							Commencement of Phase I clinical trial in Q2 or Q3 2025
Trivalent subunit influenza vaccine	Influenza (3 years and above)	Self-developed							NDA approval in 2025
	Influenza (6 to 35 months)	Self-developed							NDA approval in 2025
Adjuvanted trivalent subunit influenza vaccine	Influenza (65 years and above)	Self-developed							Commencement of Phase I clinical trial in Q2 or Q3 2025
Lyophilized human rabies vaccine (human diploid cell)*	Rabies	Self-developed							Commencement of Phase III clinical trial in Q2 or Q3 2025
PPSV23	Invasive pneumococcal diseases	Acquired†							Commencement of Phase III clinical trial in Q4 2025 or Q1 2026
Recombinant zoster vaccine (CHO cell)	Herpes zoster	Self-developed							Commencement of Phase I clinical trial in Q1 2025
Recombinant RSV vaccine (CHO cell)	RSV LRTI	Self-developed‡							IND applications in Q2 or Q3 2025
mRNA RSV vaccine	RSV LRTI	Self-developed‡							Pre-IND application in Q3 or Q4 2025
mRNA monkeypox vaccine	Monkeypox	Self-developed							Pre-IND application in Q4 2025
PCV24	Invasive pneumococcal diseases	Self-developed							Pre-IND application in Q1 2026
Live attenuated varicella vaccine	Varicella	Self-developed							Pre-IND application in Q1 2026
Tetanus toxoid adsorbed vaccine	Tetanus	Self-developed							Pre-IND application in Q4 2025

* Core Product

† We contracted to acquire this asset before the clinical stage. We were and will continue to be responsible for clinical development. See "Business—Our Product and Product Candidates—Our Other Product Candidates—PPSV23" and "Business—Our Technology Transfer Arrangements—PPSV23 Technology Transfer Agreements."

‡ Self-developed with licensed antigen sequence

Clinical trial phase not required

LRTI: lower respiratory tract infection; PPSV: pneumococcal polysaccharide vaccine; PCV: pneumococcal conjugate vaccine; RSV: respiratory syncytial virus

OUR CORE PRODUCTS

Quadrivalent Subunit Influenza Vaccine

Our quadrivalent subunit influenza vaccine is designed to offer broad protection against two influenza A viruses (H1N1 and H3N2 subtypes) and two influenza B viruses (Yamagata and Victoria lineages). Compared to whole-pathogen or split-virion vaccines, subunit influenza vaccines contain only crucial components of the viruses and require further purification after viral split, thus facilitating precise antigen targeting and ensuring a better safety profile with lower risks of adverse reactions. In the Phase III clinical trial, in the total population of participants aged three years and above, our quadrivalent subunit influenza vaccine achieved seroprotection rates (the proportions of participants with an antibody titer of ≥1:40 post-vaccination) of 96.56%, 97.98%, 89.41% and 95.88% for the H1N1, H3N2, BV and BY virus strains, respectively, all above the widely used European Union standard of 70.0%. In the same group of participants, our vaccine also elicited significantly higher geometric mean titers (GMTs) of neutralizing antibodies against all four virus strains compared to the control quadrivalent split-virion influenza vaccine. In addition, the overall incidence of vaccination-related adverse events induced by our vaccine in participants aged 18 to 64 years was lower than that caused by the control quadrivalent split-virion influenza vaccine and the difference was statistically significant.

Our quadrivalent subunit influenza vaccine received NDA approval from the NMPA in May 2023 for use in individuals aged three years and above under the brand name Huierkangxin (慧爾康欣). It was the first and only quadrivalent subunit influenza vaccine approved in China as of the Latest Practicable Date. As of the Latest Practicable Date, we were developing the quadrivalent subunit influenza vaccine for the 6 to 35 months age group and had submitted an NDA for this age group, which was accepted by the NMPA in June 2024. As of the same date, we were also developing (i) an adjuvanted version of the vaccine for individuals aged 65 and above; (ii) a trivalent subunit influenza vaccine for individuals aged three years and above and aged 6 to 35 months; and (iii) an adjuvanted trivalent subunit influenza vaccine for individuals aged 65 and above. Upon approval of such vaccines, we expect to achieve a subunit influenza vaccine franchise that features full age- and valent-range coverage.

Addressable Market and Competitive Landscape

The influenza vaccine market in China grew significantly from RMB2.0 billion in 2019 to RMB8.8 billion in 2023, at a CAGR of 45.1%. The total number of lot release of influenza vaccines increased from 30.8 million in 2019 to 70.5 million in 2023. The influenza vaccine market in China is expected to further increase to RMB19.8 billion in 2032. As the first quadrivalent subunit influenza vaccine, developed by us, was approved by the NMPA in 2023, the subunit influenza vaccine market in China is estimated to grow rapidly from RMB0.4 billion in 2023 to RMB3.4 billion in 2032, at a CAGR of 27.4%.

As of the Latest Practicable Date, there were 19 marketed influenza vaccines in China, including 10 trivalent vaccines (including 8 split-virion vaccines, 1 subunit vaccine and 1 live attenuated vaccine) and 9 quadrivalent vaccines (including 8 split-virion vaccines and 1 subunit vaccine (developed by us)). As of the Latest Practicable Date, there were 16 influenza vaccine candidates under clinical development in China, including 4 trivalent vaccines

(including 2 split-virion vaccines, 1 live attenuated vaccine and 1 subunit vaccine (developed by us)) and 12 quadrivalent vaccines (including 10 split-virion vaccines and 2 subunit vaccines). See "Industry Overview—Influenza Vaccines—Competitive Landscape of Influenza Vaccines in China" for details.

Lyophilized Human Rabies Vaccine (Human Diploid Cell)

The lyophilized human rabies vaccine (human diploid cell) candidate is designed for prevention against rabies, which can be prevented with proper vaccination immediately after exposure to the virus but is almost always fatal once symptoms show. According to the UK Department of Public Health, regions across Asia, including China, are classified as high-risk regions for rabies exposure from land-based animals.

Our rabies vaccine candidate is developed based on human diploid cells, which are recommended by the WHO as one of the safest cell culture substrates for the production of viral vaccines. Rabies vaccines produced from human diploid cells are poised to serve as a favorable alternative to traditional rabies vaccines currently available in the China market. Our rabies vaccine candidate demonstrated a promising safety profile in its completed Phase I clinical trial. We are developing the rabies vaccine candidate for three immunization regimens: Essen (five doses), Zagreb (four doses) and simplified four-dose. We completed a Phase I clinical trial of the candidate in October 2024 and plan to commence a Phase III clinical trial in the second or third quarter of 2025.

Addressable Market and Competitive Landscape

The human rabies vaccine market in China, in terms of production value, increased from RMB3.8 billion in 2019 to RMB8.9 billion in 2023, at a CAGR of 23.9%. The total number of lot release increased from 58.8 million in 2019 to 70.4 million in 2023. Driven by increase in vaccination rates and the introduction of high-value rabies vaccines, the human rabies vaccine market in China is estimated to further increase to RMB12.5 billion in 2032, at a CAGR of 3.8% from 2023 to 2032. Rabies vaccines developed using human diploid cells are anticipated to partially replace traditional vaccines developed using Vero and primary hamster kidney cell.

As of the Latest Practicable Date, there were 23 marketed human rabies vaccines in China, including 15 vaccines developed from Vero cells, 6 vaccines developed from hamster kidney cells and 2 vaccines developed from human diploid cells. As of the Latest Practicable Date, there were 19 human rabies vaccine candidates under clinical development in China, primarily including 11 vaccines developed from Vero cells and 6 vaccines developed from human diploid cells (including our rabies vaccine candidate). See "Industry Overview—Human Rabies Vaccines—Competitive Landscape of Human Rabies Vaccines in China" for details.

OUR OTHER PRODUCT CANDIDATES

- **Trivalent Subunit Influenza Vaccine.** In order to better adapt to the evolving virological landscape of influenza viruses and cater to diverse immunization needs of the vast market in China, we are also developing a trivalent subunit influenza vaccine in addition to our quadrivalent subunit influenza vaccine. Our trivalent subunit influenza vaccine candidate aims to provide protection against two influenza A viruses (H1N1 and H3N2 subtypes) and one influenza B virus (Victoria lineage), aligning with the coverage recommended by the WHO for the 2024-2025 northern hemisphere influenza season. Our trivalent subunit influenza vaccine candidate leverages the established formulation of our approved quadrivalent subunit influenza vaccine, using the same bulk antigen with one influenza B virus subtype (Yamagata) omitted in the formulation. Leveraging the preclinical and clinical results of our quadrivalent subunit influenza vaccine, our NDAs for the trivalent subunit influenza vaccine candidate for individuals aged 3 years and above and for the 6 to 35 months age group were accepted by the NMPA in September 2024. As of the Latest Practicable Date, we are also developing an adjuvanted version of this vaccine candidate for individuals aged 65 and above.

- **23-valent pneumococcal polysaccharide vaccine (PPSV23).** We are developing a PPSV23 candidate indicated for individuals aged two years and above. PPSV23 products are the primary type of pneumococcal vaccine for adults in China, recognized for their efficacy across diverse age groups. Our PPSV23 candidate elicited robust immunogenic responses in participants aged two years and above in our Phase I clinical trial, suggesting significant vaccine efficacy. After completion of the Phase I trial, we undertook significant process improvement, including the use of ion-exchange chromatography instead of ethanol precipitation, thereby eliminating harmful substances like ethanol and phenol and enhancing product safety. We plan to commence a Phase III clinical trial of the candidate in the fourth quarter of 2025 or the first quarter of 2026 to further evaluate its efficacy and safety.

- **Recombinant Zoster Vaccine (CHO cell).** We are developing a recombinant zoster vaccine candidate with self-developed dual adjuvants indicated for individuals aged 40 years and above. In preclinical animal studies, our recombinant zoster vaccine candidate stimulated stronger cell-mediated immune responses that are crucial for fighting varicella-zoster virus infections compared to a marketed recombinant zoster vaccine developed by an international pharmaceutical company, which could potentially translate into stronger protective efficacy. We obtained an IND approval for Phase I and Phase II clinical trials of our zoster vaccine candidate in August 2024 and plan to initiate a Phase I trial in the first quarter of 2025.

- **Other product candidates.** In addition to the above, we are also developing (i) a 24-valent pneumococcal conjugate vaccine (PCV24) for the prevention of pneumococcal diseases; (ii) an mRNA vaccine and a recombinant vaccine designed to provide protection against respiratory syncytial virus (RSV) infections; (iii) an mRNA monkeypox vaccine; (iv) a live attenuated varicella vaccine; and (v) a tetanus toxoid adsorbed vaccine.

OUR STRENGTHS

We believe our strengths are:

- Upgraded traditional vaccines as potential blockbuster core products to address unmet demand for quality vaccines;
- Market-driven strategy building a diverse vaccine pipeline;
- Advanced R&D technology platforms supporting vaccine candidate development;
- Expanding manufacturing capacity ensuring sustained future vaccine supply;
- Market outreach led by academic promotion and supported by established sales network; and
- Experienced R&D management team, supported by reputable shareholders in industry.

OUR STRATEGIES

We plan to pursue the following strategies:

- Efficiently advance post-approval studies and clinical trials for our Core Products;
- Accelerate the development of other vaccine candidates to meet significant clinical needs and enrich our vaccine pipeline;
- Continue to develop innovative technology platforms and enhance core technology competitiveness;
- Further strengthen manufacturing capacity and commercialization capabilities; and
- Expand global business reach to maximize commercial value of vaccine candidates worldwide.

RESEARCH AND DEVELOPMENT

We are a China-based vaccine maker dedicated to the research, development, manufacturing and commercialization of innovative vaccines and traditional vaccines adopting new technical methods. We believe research and development is critical to our ability to remain competitive in the industry and have built up strong research and development capabilities to identify and develop high-potential and high-quality vaccines. Our research and development activities are led by a team of experienced scientists. As of the Latest Practicable Date, our in-house research and development team consisted of 94 members, 45.8% of whom held doctoral or master's degrees. We have established three comprehensive vaccine development support platforms, namely our genetic engineering and protein expression and purification platform, mRNA vaccine research platform and adjuvant development and production platform, enabling the discovery and development of new vaccines across various categories. These are complemented by our distinctive proprietary technology platforms, including our large-scale amplification platform, polysaccharide conjugation technology platform and microbes and immunity research platform, to further enhance our innovative capabilities. As a result, we had successfully obtained 9 IND approvals from the NMPA for our vaccine candidates as of the Latest Practicable Date. In 2023 and the nine months ended September 30, 2023 and 2024, we incurred research and development costs of RMB283.2 million, RMB164.9 million and RMB142.6 million, respectively.

MANUFACTURING

During the Track Record Period and up to the Latest Practicable Date, all of our quadrivalent subunit influenza vaccine products and our vaccine candidates used in our clinical trials were manufactured in our No. 1 Manufacturing Facility located at our headquarters in Taizhou. Our No. 1 Manufacturing Facility has a GFA of over 48,000 sq.m. and is equipped with advanced equipment and machinery, including bioreactors, large-scale centrifuges, ultra-filtration system and large-scale purification system and product filling and packaging lines. Our No. 1 Manufacturing Facility currently has three operational production lines, including one influenza vaccine production line with a designed annual production capacity of 4.0 million doses of quadrivalent and trivalent subunit influenza vaccines, a rabies vaccine production line with a designed annual production capacity of 5.0 million doses of rabies vaccines and a pneumococcal vaccine production line with a designed annual production capacity of 15.0 million doses of PPSV23 and PCV24. In 2023 and the nine months ended September 30, 2024, we manufactured 1.2 million and 1.8 million doses of our quadrivalent subunit influenza vaccine, representing a utilization rate of 30.2% and 61.0%, respectively. As of the Latest Practicable Date, our second influenza vaccine production line in our No. 1 Manufacturing Facility was undergoing process validation. The second influenza vaccine production line has the same designed annual production capacity as the existing influenza vaccine production line. We expect to commence production by the end of 2026 for the second influenza vaccine production line.

We are also constructing two manufacturing facilities in our headquarters, namely our No. 2 Manufacturing Facility to expand our manufacturing capacity of influenza vaccines and No. 3 Manufacturing Facility for manufacturing recombinant protein vaccines. As of the Latest Practicable Date, our No. 2 Manufacturing Facility was undergoing road and landscape construction and we had completed construction of the main structure of our No. 3 Manufacturing Facility.

COMMERCIALIZATION

We are required to participate in the public tender process held by provincial-level CDCs to sell our quadrivalent subunit influenza vaccine, which is a Class II vaccine, in China. For Class II vaccines, public tenders and re-tenders serve as an admission for entry to market of the relevant province. Following the public tenders, we are required to participate in the local selection process held by district- or county-level CDCs to sell our vaccine product to specific districts or counties. The public tenders and local selections do not specify the volume to be admitted and each CDC will negotiate with us on the actual supply volume based on demand. We generally compete with competitors on the technical designs, registration classification, bid price, clinical effectiveness and quality of product, as well as reputation. Through successful bids at public tenders, our quadrivalent subunit influenza vaccine has completed the market entry process in 30 provinces and been chosen by over 1,100 district- and county-level CDCs in local selections.

We have established an in-house sales and marketing team covering sales, marketing, medical affairs and operations. Our sales team is responsible for the sale of our quadrivalent subunit influenza vaccines and to prepare for the commercialization of our vaccine candidates. Our marketing team is responsible for formulating overall marketing and promotion strategies, attending academic conferences and communications with CDCs on medical and scientific information of our vaccine products. Our medical affairs team is responsible for post-approval studies of the vaccine. Our sales operations team is responsible for management of third-party marketing service providers, order management and shipment. We engage third-party marketing service providers to support our daily marketing activities, such as conducting market research, organizing academic conferences, reporting to us on the latest market trends and demands, educating the general public to raise awareness of the benefits of vaccination, promoting the advantages of our products, assisting in public tender document preparations and site-visiting CDCs and POVs.

Our market outreach strategy is anchored in academic promotion. We keep frequent communications with CDCs, local POVs and related healthcare professionals through academic events, vaccine-related research projects, regular visits, on-site trainings and post-administration follow-ups on the safety and effectiveness of our product. Our product design and promotional strategies also place an emphasis on special populations, such as pregnant women and people with chronic diseases.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had 187 patents in China, including 34 invention patents and 153 utility models. As of the same date, we had 12 patent applications in China and two patent applications overseas. In particular, with respect to our Core Products, we had ten registered patents and one pending patent application for our quadrivalent subunit influenza vaccine and four registered patents for our rabies vaccine. All of our patents and patent applications as of the Latest Practicable Date were self-owned. See "Business—Intellectual Property" for key information of our material patents and patent applications. As of the Latest Practicable Date, we had registered 31 trademarks in China. As of the same date, we were also the registered owner of four domain names in China. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceeding in respect of, and we had not received notice of any material claim of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent that may have a material adverse impact on us.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers were district- or county-level CDCs, to which we typically grant a credit period of six to nine months. Our sales to the five largest customers in each year/period during the Track Record Period were no more than 30% of our total sales for the same periods. During the Track Record Period, our major suppliers primarily included (i) suppliers of raw materials and consumables for our vaccine products and candidates; (ii) suppliers of equipment for our R&D and manufacturing process and (iii) service providers such as cold-chain storage and transport services, construction services and CROs. In 2023 and the nine months ended September 30, 2024, our purchases from our five largest suppliers were RMB170.8 million and RMB143.5 million, respectively, accounting for approximately 28.0% and 42.8%, respectively, of our total purchases for the respective periods. In the same periods, purchases from our largest supplier were RMB67.3 million and RMB58.9 million, respectively, accounting for approximately 11.0% and 17.5%, respectively, of our total purchases for the respective periods.

COMPETITION

Vaccine markets in China and globally are intensely competitive and rapidly evolving. We face potential competition from many difference entities, including large multi-national and domestic pharmaceutical and biotechnology companies that have commercialized or are commercializing or pursuing the development of vaccines that target specific diseases as we do. We compete primarily based on our vaccine pipeline, technology platforms and manufacturing facilities and process. Our key competitors vary by vaccine types. For further details of market opportunities and competition in respect of our vaccine pipeline, see "Industry Overview" and "Business—Our Product and Product Candidates."

OUR CONTROLLING SHAREHOLDER GROUP

As of the Latest Practicable Date, (i) the Concert Party Group, consisting of Mr. An Youcai (安有才), Jiangsu Tiaoyu (a company owned by Mr. An and his spouse as to 70% and 30%, respectively) and Mr. He Yiming (何一鳴), were collectively interested in approximately 35.84% of the Shares, and pursuant to the Concert Party Agreement, Mr. He shall reach consensus with Mr. An and Jiangsu Tiaoyu before voting unanimously at the general meetings or Board meetings, and in the event consensus cannot be reached among the parties, Mr. He shall follow the instruction of Mr. An and Jiangsu Tiaoyu; and (ii) Jiangsu Tiaoyu, by virtue of its role as the general partner of each of the Employee Ownership Platforms, was deemed to be interested in approximately 9.72% of the Shares held by the Employee Ownership Platforms. Accordingly, the Concert Party Group and the Employee Ownership Platforms constituted our Controlling Shareholder Group, holding in aggregate approximately 45.55% of the Shares, as of the Latest Practicable Date.

Immediately following the completion the [**REDACTED**], the Controlling Shareholder Group will in aggregate hold approximately [**REDACTED**] of the Shares (assuming the [**REDACTED**] is not exercised). Therefore, upon Listing, members of the Controlling Shareholder Group will collectively remain our Controlling Shareholders.

[REDACTED] INVESTMENTS

Since our establishment, we have attracted certain [**REDACTED**] Investors and completed several rounds of financing to raise funds for the development of our business. For further information of the principal terms of the [**REDACTED**] Investments and the identity and background of our [**REDACTED**] Investors, see "History, Development and Corporate Structure—[**REDACTED**] Investments."

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 the section headed "Risk Factors" in this document. Some of the major risks we face include:

- The development of new vaccine products is complex, uncertain, time-consuming and costly;
- We may be unable to obtain regulatory approval for our vaccine candidates under applicable regulatory requirements. The denial or delay of any such approval would delay development and commercialization of our vaccine candidates and adversely impact our potential to generate revenue, our business and our results of operations;
- Even if we receive regulatory approval for our products, we will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expenses;
- Results of earlier studies and trials of our vaccine candidates may not be predictive of future trial results and completion of clinical trials does not guarantee regulatory approval of the vaccine candidate;
- Our vaccines may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any;
- Our pipeline of vaccine candidates is limited;
- If our bids in the public tender process are not successful or we fail to secure subsequent product orders, our business may be adversely affected;

- If we are unable to compete effectively in the competitive vaccine industry, or fail to develop competitive vaccine candidates, our business, financial condition, results of operations and prospects could be materially and adversely affected;

- We derived all of our revenue, profits and cash flows from our quadrivalent subunit influenza vaccine. Any decrease in its revenue would adversely affect our business, financial condition, results of operations and prospects; and

- Our sales are subject to seasonality, which could cause our results of operations to fluctuate.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of key financial information set forth below has been derived from, and should be read in conjunction with, our consolidated audited financial statements and reviewed condensed consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I and in the Review Report set out in Appendix IA to this document, as well as the information set forth in "Financial Information."

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table summarizes our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	For the Year Ended December 31,	For the Nine Months Ended September 30,	
	2023	2023	2024
		(unaudited)	*(unaudited)*
		(RMB in thousands)	
Revenue	52,168	4,532	217,185
Cost of sales	(72,511)	(2,156)	(80,159)
Gross profit/(loss)	(20,343)	2,376	137,026
Other income	14,202	4,216	16,369
Impairment losses under expected credit loss model, net of reversal	(48)	–	(86)
Other gains and losses	1,312	1,297	236
Selling expenses	(55,433)	(26,796)	(115,018)
Administrative expenses	(74,663)	(56,362)	(51,423)
Research and development expenses	(283,159)	(164,878)	(142,631)
Finance costs	(6,609)	(4,099)	(12,585)
Loss before tax	**(424,741)**	**(244,246)**	**(168,112)**
Income tax expense	–	–	–
Loss and total comprehensive expenses for the year/period	**(424,741)**	**(244,246)**	**(168,112)**

Summary of Certain Selected Items From the Consolidated Statements of Financial Position

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

	As of December 31, 2023	As of September 30, 2024
		(unaudited)
	(RMB in thousands)	
Total non-current assets	906,498	1,047,893
Total current assets	213,245	509,614
Total assets	1,119,743	1,557,507
Total current liabilities	529,163	766,313
Net current liabilities	**(315,918)**	**(256,699)**
Total non-current liabilities	227,310	560,992
Total liabilities	756,473	1,327,305
Net Asset	**363,270**	**230,202**

Our net current liabilities decreased from RMB315.9 million as of December 31, 2023 to RMB256.7 million as of September 30, 2024, primarily due to (i) an increase in trade receivables, generally in line with the increase in our revenue and the seasonal nature of vaccine sales, which tend to be more concentrated between July and September, and (ii) an increase in cash and cash equivalents resulting from the proceeds from bank borrowings, partially offset by an increase in trade and other payables. See "Financial Information—Description of Certain Consolidated Statement of Financial Positions Items—Trade and Other Payables."

We recorded net current liabilities during the Track Record Period, primarily because we invested significant capital into the production and marketing of our quadrivalent subunit influenza vaccine and the research and development of our vaccine candidates, and built and expanded our manufacturing facilities to support our business. We expect to improve our net current liabilities position with the following measures: (i) increasing our sales revenue as we expand market share with our quadrivalent subunit influenza vaccine and launch new vaccine products in the future; (ii) continuously covering our payables for acquisition of property, plant and equipment with project loans; and (iii) raising long-term borrowings to replace our short-term borrowings for stable financial resource.

Summary of Consolidated Cash Flow Statements

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

	For the Year Ended December 31, 2023	For the Nine Months Ended September 30,	
		2023	2024
		(unaudited)	*(unaudited)*
		(RMB in thousands)	
Net cash (used in)/generated from operating activities	(305,988)	(210,163)	(164,282)
Net cash (used in)/generated from investing activities	(506)	43,814	(116,057)
Net cash (used in)/generated from financing activities	335,166	169,648	349,534
Net increase in cash and cash equivalents	28,672	3,299	69,195
Cash and cash equivalents at beginning of the year/period	16,646	16,646	45,318
Cash and cash equivalents at end of the year/period	**45,318**	**19,945**	**114,513**

[Taking into account the financial resources available to us, including cash from operations, cash and cash equivalents, borrowings and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the opinion that we have sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs and research and development expenses for at least the next 12 months from the date of this document.]

Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses; and (ii) capital expenditures. Taking into account our cash and cash equivalents as of November 30, 2024, and assuming average monthly net cash used in operating activities going forward of 1.2 times the level in the nine months ended September 30, 2024, and the estimated capital expenditures with reference to the capital commitments of RMB176.4 million as of September 30, 2024, we estimate that we will be able to maintain our financial viability for [29] months from the date of this document, taking into account of the [**REDACTED**] from the [**REDACTED**] provided that the [**REDACTED**] is set at [**REDACTED**] per Share, being the low-end of the indicative [**REDACTED**] range, and that the [**REDACTED**] is not exercised. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status.

[REDACTED] STATISTICS(1)

	Based on an [REDACTED] of [REDACTED] per [REDACTED]	Based on an [REDACTED] of [REDACTED] per [REDACTED]
Market capitalization of our Shares(2)	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	[REDACTED]	[REDACTED]

Notes:

(1) All statistics in this table are on the assumption that the [**REDACTED**] is not exercised.

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

(3) The pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share as of September 30, 2024 is calculated after making the adjustments referred to in "Financial Information—Unaudited Pro Forma Statement of Adjusted Net Tangible Liabilities."

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] of approximately [**REDACTED**] after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of [**REDACTED**] to [**REDACTED**] per [**REDACTED**] set out in this document. We intend to use the [**REDACTED**] from the [**REDACTED**] for the following purposes:

- approximately [52.3]%, or [**REDACTED**], will be allocated to the development and domestic and international registration of our Core Products, of which:
  - approximately [36.6]%, or [**REDACTED**], will be used for the continuing R&D and overseas market registration of our quadrivalent subunit influenza vaccine; and
  - approximately [15.7]%, or [**REDACTED**], will be used for the Phase III clinical trial and registration of our lyophilized human rabies vaccine candidate;
- approximately [24.8]%, or [**REDACTED**], will be allocated to the development and registration of our other vaccine candidates, of which:
  - approximately [9.2]%, or [**REDACTED**], will be used for the Phase III clinical trial and registration of our PPSV23 candidate;
  - approximately [5.6]%, or [**REDACTED**], will be used for the Phase I and Phase II clinical trials of our recombinant zoster vaccine candidate;

  - approximately [4.8]%, or [**REDACTED**], will be used for the Phase I and Phase II clinical trials of our recombinant RSV vaccine candidate;

  - approximately [2.6]%, or [**REDACTED**], will be used for the Phase I clinical trials of our adjuvanted quadrivalent and trivalent subunit influenza vaccines; and

  - approximately [2.6]%, or [**REDACTED**], will be used for the preclinical studies of our other vaccine candidates;

- approximately [9.1]%, or [**REDACTED**], will be allocated to the enhancement of our manufacturing and commercialization capabilities;

- approximately [4.7]%, or [**REDACTED**], will be allocated to the development of our innovative technology platforms; and

- approximately [9.1]%, or [**REDACTED**], will be allocated to working capital and other general corporate purposes.

[**REDACTED**]

Assuming the [**REDACTED**] is not exercised, an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**] range), we expect to incur approximately [**REDACTED**] of [**REDACTED**] (including the aggregate [**REDACTED**] and fees, the Stock Exchange [**REDACTED**] fees, the transaction levies and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the [**REDACTED**]), including (i) [**REDACTED**] expenses (including [**REDACTED**] and other expenses of approximately [**REDACTED**]) and (ii) non [**REDACTED**] expenses are approximately [**REDACTED**], comprising (a) fees and expenses of legal advisors and accountants of approximately [**REDACTED**] and (b) other fees and expenses of approximately [**REDACTED**], accounting for approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**]. Approximately [**REDACTED**] of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and approximately [**REDACTED**] is expected to be capitalized and deducted from equity upon Listing. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS

IND Approval

We obtained an IND approval for our adjuvanted trivalent subunit influenza vaccine candidate from the NMPA in October 2024. See "Business—Our Product and Product Candidates—Our Other Product Candidates—Adjuvanted trivalent subunit influenza vaccine" for details.

Clinical Trial

We completed the Phase I clinical trial of lyophilized human rabies vaccine (human diploid cell) in October 2024. See "Business—Our Product and Product Candidates—Our Core Products—Lyophilized Human Rabies Vaccine (Human Diploid Cell)" for details.

Financial Performance for the Year Ended December 31, 2024

As a result of our expanded market outreach and penetration in major cities as we increased our product promotion effort and the enhanced market acceptance of our quadrivalent subunit influenza vaccine, we estimate a substantial increase in revenue for the year ended December 31, 2024, compared to the prior year. At the same time, we project a notable reduction in our losses and total comprehensive expenses for the year ended December 31, 2024, compared to the prior year, primarily as a result of our improved production and inventory management strategies in 2024 drawing from our historical insights into vaccine marketability from the 2023 flu season. These statements are based on our preliminary financial results and have not been audited or reviewed by the Reporting Accountants. Consequently, such statements should not be relied upon by investors as providing the same quality of information associated with information that has been subject to an audit or review.

No Material Adverse Change

The Directors confirm that, up to the date of this document, there have been no material adverse changes in our financial, operational, or trading position or prospects since September 30, 2024, being the date of the latest reporting period of our reviewed condensed consolidated financial statements as set out in the Review Report in Appendix IA to this document.

CSRC FILING

We [submitted] a filing to the CSRC for application of listing of the H Shares on the Stock Exchange and the [**REDACTED**] on [●]. The CSRC [confirmed] our completion of filing on [●].