***An* [REDACTED] *in our H 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 H 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 and results of operations. In any such case, the market price of our H Shares could decline, and you may lose substantial or all 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 will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements."

RISKS RELATING TO THE DEVELOPMENT AND REGULATORY APPROVALS OF OUR VACCINE CANDIDATES

The development of new vaccine products is complex, uncertain, time-consuming and costly.

Our success will depend, in part, on our ability to develop new vaccine products, a process which could be complex and uncertain, as well as time-consuming and costly. Whether we can be successful in developing new vaccine products depends on our ability to

- maintain strong R&D capabilities and retain adequate and experienced R&D personnel;
- apply technological advances to the development and manufacturing of new vaccine products;
- obtain all required approvals for preclinical studies, clinical trials and manufacturing activities; and
- conduct and complete preclinical studies and clinical trials on a timely and cost-effective manner, and under required procedures and standards.

Preclinical studies and clinical trials must be carried out before regulatory approvals for the sale of our vaccine candidates can be obtained, and their outcomes are inherently uncertain. Failure can occur at any time during the clinical development process. Neither the outcome from preclinical studies or early-stage clinical trials nor the successful interim clinical trial results are indicative in nature and may not imply the positive conclusion of later-stage clinical trials. We may encounter 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 vaccine candidates, including:

- regulators may not authorize us or our investigators to commence or conduct a clinical trial at a prospective trial site;

- clinical trials of our vaccine candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon vaccine development programs;

- the number of participants required for clinical trials of our vaccine candidates may be larger than expected, or enrollment may be insufficient or slow and participants may drop out at a higher rate than anticipated;

- in cases where the clinical trials are shown to lack meaningful clinical response or the participants are exposed to unacceptable health risks, we may have to suspend or terminate clinical trials;

- our vaccine candidates may fail to demonstrate safety and efficacy in clinical trials satisfactory to us and the regulatory authority;

- regulators may require suspension or termination of clinical research for various reasons, particularly in cases of non-compliance with certain regulatory requirements;

- the cost of clinical trials for our vaccine candidates may exceed our expectations; and

- the supply and quality of materials necessary for the clinical trials may be insufficient or inadequate.

Delays in conducting clinical trials or postponement in obtaining approvals may result in increases in our vaccine development costs. Significant delays in clinical trials will narrow the timeframe in which we have the exclusive right to commercialize our vaccine candidates. This may also allow our competitors to market similar products in advance, potentially impairing our ability to commercialize our vaccine candidates and harming our business and results of operations.

As a result of any or all of the foregoing factors, we cannot assure you that we will be able to continue developing new vaccine products effectively or timely, or that such products will be successfully approved. Failure to do so may materially and adversely affect our business, reputation, financial results and future commercial prospects.

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.

To gain approval to commercialize our vaccine candidates in China, we must provide the NMPA with preclinical studies and clinical data that adequately demonstrate the safety and efficacy of our vaccine candidates for the intended indications. The time required to obtain approval from the NMPA is generally very long as it may take years to complete the required studies and trials. The approval may also be unpredictable as it is subject to the substantial discretion of the NMPA and depends on numerous factors. Our vaccine candidates could fail to receive regulatory approvals from the NMPA for many reasons, including:

- disagreement on the design or implementation of our clinical trials;
- disagreement on the standards in evaluating the vaccine candidate;
- failure to demonstrate that a vaccine candidate is safe, effective and potent for its proposed indications;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- disagreement on our interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of our vaccine candidates to support the filing of NDA or other applicable submissions or obtaining regulatory approval;
- the relevant regulatory authorities' findings of deficiencies related to the manufacturing processes or facilities; and
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval.

The NMPA or other applicable regulatory authorities may require more information, including additional preclinical or clinical data, to support the approval application. This requirement may delay or prevent us from obtaining the regulatory approvals in time and subsequently impact on our commercialization plans. In more extreme cases, we may decide to cancel the development program. Even if we obtain approvals, regulatory authorities may only grant approval for fewer or more limited indications for vaccine candidates compared to our requests, or subject to the performance of costly post-marketing clinical trials, or may approve with a label that is not desirable for the successful commercialization of that vaccine candidate. Any of the foregoing scenarios could materially harm the commercial prospects of our vaccine candidates.

In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during a vaccine candidate's clinical development. Changes in regulatory requirements and guidance during our clinical trials may necessitate changes to clinical trial protocols, which could increase our costs, delay the timeline for, or reduce the likelihood of regulatory approval for our vaccine candidates.

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.

Success in preclinical studies and early clinical trials for our vaccine candidates does not ensure that later clinical trials will be successful. Significant setbacks could occur even after positive results are revealed in earlier preclinical studies or clinical trials. These setbacks could be caused by, among other things, preclinical findings made during clinical trials, or safety or efficacy concerns observed in clinical trials, including previously unreported adverse events. In addition, we also make assumptions, estimations, calculations and conclusions as part of our data analyses, but we may not have received or had the opportunity to fully evaluate all preclinical data. As a result, clinical trial results may differ from conclusions or expectations from earlier studies or different conclusions or consideration may qualify the results, once all clinical trial data have been received and fully evaluated. Furthermore, regulatory agencies may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses. Therefore, notwithstanding any potential promising results in earlier studies and trials, we cannot assure you that we will not face similar setbacks. Vaccine candidates in later stages of clinical trials may fail to show desired pharmacological properties or safety and efficacy traits, despite having progressed through preclinical studies and initial clinical trials.

Even if we are able to initiate and complete clinical trials, the results may not be sufficient to obtain regulatory approval for our vaccine candidates. Approval is subject to considerable discretion on the part of regulatory authorities. See "—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."

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.

As with most biological products, our vaccines could cause side effects that can vary in severity. If unacceptable side effects arise in the development of our vaccines, we could be forced to suspend or terminate our clinical trials, or the NMPA could order us to cease clinical trials or deny approval of our vaccines for any or all targeted indications. Adverse reactions could also affect participant recruitment, the ability of enrolled participants to complete clinical trials, or result in potential product liability claims. In addition, side effects may not be properly recognized or managed by the personnel administering the vaccine. Moreover, our vaccines may be perceived to cause severe side effects or adverse events following immunization if other vaccine manufacturers' products that target the same deceases, apply the same technology, or use the same culture cells or raw materials as our vaccines cause or are perceived to have caused severe side effects or adverse events following immunization, or if one or more regulators, such as the NMPA or an international institution, such as the WHO, determines that products applying the same technology or using the same culture cells or raw materials as our vaccines could cause or lead to severe side effects or adverse events following immunization. Any of these occurrences could materially harm our business, financial condition and prospects.

In addition, even if we successfully advance our vaccines through clinical trials, such trials will likely involve only a limited number of participants and a limited duration of exposure to our vaccines. As a result, we cannot assure you that adverse effects of our vaccines will not be uncovered when a significantly larger population is exposed post-commercialization. Under the PRC law, we, as the vaccine producer, may be required to bear the responsibility to make compensation to vaccinees who suffer from adverse events following immunization of Class II vaccines, in cases where the immunization causes damage to a vaccinee's organs or physiological functions or leads to severe injuries or death of a vaccinee in the process of or after the immunization of a qualified vaccine, and no party has any fault during the process. As a result, we may have to provide compensation even when the damages do not necessarily have a causal relationship with the quality of our vaccines.

If one or more of our vaccines receive regulatory approval, and undesirable side effects are later identified, several serious negative consequences could ensue, including:

- forced suspension of vaccine commercialization;
- recall or withdrawal of our products;
- withdrawal of approvals by regulatory authorities;
- mandated additional warnings on the label;
- requirements to conduct post-marketing studies to assess new safety risks;

- potential lawsuits and liability for harm caused to participants; and
- damage to our reputation.

Any of the foregoing events could prevent us from achieving or maintaining market acceptance of our approved vaccine product, and result in significant revenue loss, which would materially and adversely affect our results of operations and business. In addition, if one or more of our approved vaccine product or vaccine candidates prove to be unsafe, our entire pipeline could be affected, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Our pipeline of vaccine candidates is limited.

Our future growth and success are substantially dependent on our ability to identify, develop and commercialize a robust pipeline of vaccine candidates. Currently, we possess a limited number of Class II vaccine candidates in development, which poses significant risks, including but not limited to:

- *Dependency on a narrow portfolio*: We rely on our limited number of Class II vaccine candidates. Should any of these candidates fail to demonstrate adequate efficacy, safety, or receive regulatory approval, it could significantly curtail our growth prospects.
- *Competitive disadvantages*: In the rapidly evolving field of vaccine development, competitors with a more extensive and diverse pipeline may bring products to market more quickly or adapt more readily to emerging pathogens. This positions them strategically better to capture market share, potentially marginalizing our offerings.
- *Impact on strategic partnerships and collaborations*: A limited pipeline may affect our ability to establish and maintain strategic partnerships or collaborations since potential partners often seek alliances with developers possessing a broader range of vaccine candidates. This could further inhibit our capacity to innovate and expand.
- *Financial implications*: Companies with a limited pipeline may be perceived as having higher risk compared to companies with broader development activities. Consequently, this perception may impact our ability to raise capital necessary for future research and development initiatives.

While we look for opportunities to expand our pipeline, there can be no assurance that these efforts will succeed, in which case our business, financial condition and results of operations may be materially and adversely affected.

The data and information that we gather in our research and development process could be inaccurate or incomplete.

We collect, aggregate, process and analyze data and information from our preclinical studies and clinical trials. Data in the vaccine industry are often fragmented in origin, inconsistent in format and incomplete, which challenges the overall quality of collected or accessed data. The degree or amount of data that is knowingly or unknowingly absent or omitted can be significant. Mistakes in capturing, inputting, or analyzing these data may materially harm our ability to advance the development of our vaccine candidates, potentially damaging our business, prospects and reputation.

We also manage and submit data to governmental entities as a part of our regulatory approval process. These submissions are governed by complex data processing and validation policies and regulations. Notwithstanding such policies and regulations, interim, top-line or preliminary data from our clinical trials that we announce or publish from time to time are subject to audit and verification procedures that could result in material changes in the final data, in which case the regulatory authorities may conclude that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous. Even unsuccessful claims could result in substantial costs and diversion of management time, attention and resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

Additionally, we rely on CROs to monitor and manage data for some of our ongoing preclinical and clinical programs and control only certain aspects of their activities. If any of our CROs or other third parties do not perform to our standards in terms of data accuracy or completeness, data from those preclinical and clinical trials may be compromised.

We engage CROs, which are not under our control, to conduct certain clinical trial-related activities.

In line with industry norm, we engage CROs that are independent from our Group to support our preclinical and clinical studies from time to time. The work scope of these organizations in the development of our vaccine candidates may vary, subject to our overall management and instructions. With respect to preclinical studies, CROs typically provide us with service related to preclinical safety and immunogenicity evaluations of our vaccine candidates in accordance with our study design under our supervision. We are required to engage GLP-certified CROs to conduct safety evaluations studies under relevant laws and regulations. We engaged CROs to conduct preclinical safety and immunogenicity studies for our Core Products. With respect to clinical studies, CROs typically provide us with a comprehensive suite of services required in complex clinical trials in accordance with our trial design and under our supervision. We engaged CROs for all completed and ongoing clinical trials of our Core Products. We do not control these CROs. Outsourcing these functions involves the risk that third parties may not meet our standards, may not produce results in a timely manner or may fail to perform at all. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk of misappropriation.

The staff employed by CROs are not our employees and we cannot control whether or not they devote sufficient time, resources and oversight to our ongoing clinical programs. If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated, we may be unable to conduct clinical trials and R&D testing in the manner that we anticipate. If these third parties fail to meet expected deadlines of their responsible work, timely transfer regulatory information to us, adhere to protocols or act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a sub-standard manner or in a way that compromises the quality or accuracy of their activities or the data they collect, the clinical trials of our vaccine candidates may be compromised, delayed, prolonged, suspended or terminated. Consequently, our data may be rejected by the NMPA or other applicable regulatory authorities.

Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, such as GCP standards, which may be enforced by the NMPA for vaccine candidates in development. The NMPA enforces these standards through periodic inspections of trial sponsors, investigators and clinical trial sites. Our reliance on CROs to conduct trials does not relieve us of our regulatory responsibilities. If we or any of our CROs fail to comply with applicable requirements, the clinical data generated in the clinical trials may be deemed unreliable, and the NMPA may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that such regulatory authority will determine that our clinical trials conform to all their requirements, which may necessitate repeating such trials and delay the regulatory approval process. If CROs do not fulfill their contractual duties or meet expected deadlines, or if the quality or accuracy of the clinical data CROs obtain is compromised due to their failure to adhere to our clinical protocols, the regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated, hindering our ability to obtain regulatory approval for or successfully commercialize our vaccine candidates. Any of the above could result in a material adverse effect on our business, financial condition and 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.

If the NMPA or a comparable regulatory authority approves any of our products, the manufacturing processes, labeling, packaging, storage, distribution, adverse event reporting, advertising, promotion, sampling, recordkeeping and post-marketing studies of the vaccine will be subject to extensive and ongoing or additional regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, random quality control testing, adherence to any chemistry, manufacturing and controls, continued compliance with GMPs, GCPs, good storage practices and good vigilance practices and potential post-approval studies for the surveillance and monitoring of the safety and efficacy of the vaccine. For example, as of the Latest Practicable Date, we were conducting NMPA-required post-approval studies of our quadrivalent subunit influenza vaccine for individuals aged three and above. We expect that the NMPA will also require post-approval studies of our quadrivalent subunit influenza vaccine in the 6 to 35 months age group and our trivalent influenza vaccine similar to those required for our quadrivalent if it grants approval, and we have planned a portion of the [**REDACTED**] from the [**REDACTED**] for such purposes. These requirements, in particular the post-approval studies, could result in significant additional expenses for us, which could have a material adverse effect on our financial condition and results of operations.

Moreover, any regulatory approvals that we receive for our products may also be subject to limitations on the approved uses for which the vaccine may be marketed or to the fulfilment of certain conditions. If we are not able to maintain strict compliance with any of the above regulatory requirements, we may lose the regulatory approvals that we have already obtained, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be successful in obtaining or maintaining necessary rights for our development pipeline through in-licenses and acquisitions.

Because our programs may involve vaccine candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire and maintain licenses or other rights to use these proprietary rights. Collaborative relationships in our industry can be complex, particularly with respect to intellectual property rights. Disputes may arise in the future regarding ownership rights to technology developed by or with other parties. Such disagreements could lead to delays in the research, development, manufacture and commercialization of our vaccine candidates and may result in litigation or arbitration, both of which are time-consuming and costly. On the other hand, although parties are generally bound by agreements with us not to disclose our confidential information, any breach of such confidentiality obligation could cause leaking of valuable proprietary knowledge to the public, third parties or even our competitors, which would compromise our competitive advantage and significantly and adversely affect our results of operations.

We may be unable to acquire or in-license any compositions, methods of use, or other intellectual property rights from third parties that we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and more established companies may also pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the vaccine candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

If we encounter difficulties enrolling participants in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

Our ability to enroll a sufficient number of participants who remain until the end of the clinical trial is a key factor in determining whether we can complete the clinical trial in a timely manner. We may experience difficulties in participant enrollment in our clinical trials for a variety of reasons, including:

- the size of the study population required for analysis of the trial's primary endpoints;
- design and eligibility criteria for the clinical trial in question;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the risk that participants enrolled in clinical trials will not complete a clinical trial;
- our ability to obtain and retain consents from participants;
- the age of participants which may require parental consent;
- the public awareness of the infection rates of targeted infectious diseases and the size of population at risks of infection; and
- the availability of approved vaccines that are non-inferior or even superior to our vaccine candidates.

Moreover, our clinical trials may compete with our competitors' clinical trials for vaccine candidates in the same preventive areas as our vaccine candidates. Such competition will reduce the number and variety of participants available to us, as some participants might opt to enroll in a trial being conducted by our competitors instead of ours. Even if we are able to enroll a sufficient number of participants in our clinical trials, delays in participant enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials. This could prevent completion of these trials and adversely affect our ability to advance the development of our vaccine candidates.

We invest substantial resources in research and development in order to develop our vaccine candidates and enhance our technology platforms, which we may not be able to do successfully.

The vaccine industry is constantly evolving, and we must keep pace with new technologies and platforms to maintain our competitive position. For the year ended December 31, 2023 and the nine months ended September 30, 2023 and 2024, our research and development costs amounted to RMB283.2 million, RMB164.9 million and RMB142.6 million, respectively. We expect to continue to invest significant amounts of human and capital resources to develop our vaccine candidates, which will enable us to advance our pipeline vaccines. We intend to continue to strengthen our technical capabilities in the development and manufacture of our products, which are capital and time intensive. We cannot assure you that we will be able to develop improve or adapt to new technologies and platforms, successfully identify new vaccine candidates, develop and bring new or enhanced vaccines to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced vaccines or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve or maintain market acceptance. Any failure to do so may render our efforts obsolete, which could significantly reduce demand for our products and harm our business and prospects.

We might not be able to continue to identify, discover, develop or obtain regulatory approval for suitable vaccine candidates.

We may not be successful in our efforts to expand our pipeline of vaccine candidates, including identifying or discovering suitable vaccine candidates in the future. We primarily focus on the research, development, manufacturing and commercialization of innovative vaccines and traditional vaccines adopting new technical methods. However, we may not be able to identify or discover vaccine candidates that compare favorably to other marketed vaccines.

Even if we are able to discover suitable vaccine candidates, they may not be suitable for clinical development, including as a result of lack of safety, low immunogenicity, or other characteristics indicating they are unlikely to receive marketing approval or achieve market acceptance. There is no assurance that we will be able to successfully advance any of these

additional vaccine candidates through the development process. Our research programs may initially show promise in identifying potential vaccine candidates, yet may ultimately fail to yield vaccine candidates for clinical development or commercialization for many reasons, including the following:

- we may not be able to assemble sufficient resources to acquire or discover additional vaccine candidates;
- the vaccine candidates may not succeed in preclinical or clinical testing;
- further study may reveal serious side effects or other characteristics suggesting that the vaccine candidate is unlikely to be effective or otherwise meet applicable regulatory criteria;
- competitors may develop alternatives that render our vaccine candidates obsolete or less attractive; and
- the vaccine candidates may not be accepted as safe and effective by patients or the medical community.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, or we may not be able to identify, discover, develop or commercialize additional vaccine candidates, which would have a material adverse effect on our business and results of operations.

We may not achieve our projected development goals in the time frames we announce and expect, or at all, which could materially and adversely affect our business and prospects.

Similar to many other companies in the vaccine industry, we set goals for the accomplishment of objectives critical to our success, such as the commencement and completion of clinical trials, and anticipated regulatory submission and approval dates and timing of product launches and other milestones. As of the Latest Practicable Date, we had 11 vaccine candidates in various stages of clinical and preclinical development. See "Business—Our Product and Product Candidates."

However, the successful implementation of our product development programs is subject to significant business, economic and competitive uncertainties and contingencies, including product development risk, the availability of funds, competition, regulation and government policies, and the continued growth of the vaccine market. The actual timing of these events may vary dramatically due to factors beyond our control, such as delays or failures in clinical trials, the uncertainties inherent in the regulatory approval process and delays in achieving manufacturing or marketing arrangements sufficient to product commercialization.

We cannot assure you that these preclinical studies or clinical trials will be completed, that we will make regulatory submissions or receive regulatory approvals as planned or that we will be able to adhere to our currently anticipated schedule for the launch of any products. If we fail to achieve one or more milestones in the time frames we announce and expect, or at all, our business and prospects could be materially and adversely affected.

RISKS RELATING TO THE MANUFACTURING AND SUPPLY OF OUR VACCINE PRODUCTS

The manufacturing of vaccines is a highly exacting and complex process, and if we encounter problems in manufacturing our products, our business could suffer.

The manufacturing of vaccines is a highly exacting and complex process, particularly because the complexity of biological mechanisms leads to variability in industrial yields, and also because the biological material being manufactured is very vulnerable to contamination. The manufacturing of vaccines is also heavily regulated by the NMPA and other regulatory authorities in China. Problems may arise during the manufacturing for a variety of reasons, including but not limited to:

- equipment malfunction;
- failure to follow specific protocols and procedures;
- problems with raw materials;
- delays related to the construction of new facilities;
- failure to comply with strictly enforced regulatory requirements and GMP;
- changes in the types of products produced;
- physical limitations that could inhibit continuous supply; and
- human-made or natural disasters and environmental factors.

If problems arise during the production of a batch of product, that batch of product may have to be discarded and we may experience product shortages or incur extra expenses. This could, among other things, lead to increased costs, decreased revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. In addition, if we fail to timely improve and optimize our manufacturing processes or techniques or only make insufficient improvement, we may not be able to meet the clinical demand on better safety, immunogenicity and efficacy of vaccines, nor the market demand on larger and faster supply, which would impair our competitiveness in the vaccine industry, interfere with our current sales and future regulatory submissions and/or commercialization of new vaccine products, and in turn our business and results of operations would suffer.

Any failure to perform proper quality control and quality assurance would have a material adverse effect on our business and financial results.

Our products and manufacturing processes are subject to applicable laws, regulations and GMP requirements. These regulations and laws govern the manufacturing processes and procedures, such as record keeping, operation and implementing the quality management systems to control and assure the quality of products approved for sale and investigational products. We have established a comprehensive and robust quality control system in our production and sales process. Despite our quality control system and procedures, errors, defects or failures may still occur due a variety of reasons. In addition, in anticipation of the market demand of our future vaccine products, we are constructing two manufacturing facilities in our headquarters. See "Business—Manufacturing—Manufacturing Facilities and Production Capacity—New Production Facilities." We may not be able to ensure consistent quality control in such new facilities after they commence operation. If we acquire manufacturing facilities from other biotechnology or pharmaceutical companies in the future, we may not be able to immediately ensure that their manufacturing facilities and processes will meet our existing quality standards. Failure to detect and cure quality defects in our vaccine products or to prevent such defective products from being released for sale, failure to comply with relevant quality control requirements under applicable laws or GMP, or failure or deterioration of our quality control system and processes, could result in vaccinees' injury or death or product recalls or withdrawals, suspension or disruption in vaccine manufacturing, license revocation or regulatory fines, or other problems that could disrupt our business, seriously harm our reputation, expose us to liability and adversely affect our results of operations.

Errors or defects in our manufacturing could harm our reputation or expose us to product liability claims.

We face an inherent risk of product liability caused by our vaccines. Any such product liability claims may include allegations of defects in manufacturing, defects in design, insufficient or improper labelling, inadequate or misleading disclosures of side effects or dangers inherent in the product, negligence, strict liability and a breach of warranties. We cannot guarantee that we will not be involved in product liability related disputes in the future. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or subject to limitations for commercializing of our vaccine candidates. Even successful defense would require significant financial resources and management attention. Regardless of the merits or outcomes, liability claims may result in:

- withdrawal of clinical trial participants;
- substantial monetary compensation to trial participants or vaccinees;
- a diversion of management's time and our resources;
- decreased demand for our vaccine candidates or any resulting products;
- injury to our reputation;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;

- costs to defend the related litigation;
- loss of revenue;
- the inability to commercialize our vaccine candidates; and
- a decline in our H Share price.

Once our vaccine candidates obtain approvals, we are required to maintain liability insurance to cover product liability claims in accordance with the relevant laws and regulations. Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of vaccine candidates we develop. Even when we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, which may have an adverse effect on our financial condition.

Any disruption of our manufacturing facilities or any failure to manage the manufacturing capacity properly could have a material and adverse effect on our business, financial condition and results of operations.

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 by our in-house manufacturing team. See "Business—Manufacturing—Manufacturing Facilities and Production Capacity—Manufacturing Facilities and Equipment." All vaccine manufacturing facilities are subject to inspection by regulatory agencies during the operation. If we fail to comply with applicable regulatory requirements for our manufacturing facilities, the operations at our manufacturing facilities may be suspended and we may be subject to sanctions, including but not limited to,

- refusal of regulatory agencies to review pending production permit applications or supplements to such applications;
- withdrawals, revocation or non-renewal of approvals, license or permits previously issued;
- product recalls, seizure or confiscation;
- total or partial suspension of production;
- monetary penalties; and
- criminal prosecution.

The normal operation of our manufacturing facilities may also be significantly impaired by natural disasters or other unanticipated catastrophic events, including power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, as well as changes in governmental zoning plans, which would in turn disrupt our sales of existing products and adversely affect our business and financial results.

Moreover, we may fail to manage the manufacturing capacity properly. The manufacturing capacity is calculated based on the designed manufacturing capacity of our manufacturing facilities, after taking into account any reduction in capacity caused by, among other factors, suspension of manufacturing for renewal of GMP certification or production permits. The manufacturing capacity for a product directly determines the maximum amount of vaccine products that could be produced in a given period and the volume of finished products that will be available for sale in subsequent periods. Proper management of the manufacturing capacity, and in particular, minimizing the time for renewing GMP certification or production permits and maintaining sufficient GMP certified back-up capacity in preparation for suspension of manufacturing caused by planned or unexpected events, is critical to maintaining a steady supply of products and a stable growth in our revenues. Any suspension of production or delay in production schedule could lower the production utilization rates of the relevant products and affect our sales volume and revenue. See "Business—Manufacturing—Manufacturing Facilities and Production Capacity."

The expansion of our manufacturing facilities may be subject to delays, disruptions, cost overruns or may not produce expected benefits.

In anticipation of the market demand of our future vaccine products, we are constructing two manufacturing facilities in our headquarters, namely our No. 2 Manufacturing Facility and No. 3 Manufacturing Facility. See "Business—Manufacturing—Manufacturing Facilities and Production Capacity—New Production Facilities."

Under the PRC laws, construction projects of this nature are subject to extensive government supervision and approval processes, including project approvals, construction permits, occupational health and safety compliance, environmental approvals, and inspection and acceptance by relevant authorities. Failure to obtain any necessary approvals or permits could disrupt or halt our expansion plans. Non-compliance with relevant construction laws and regulations could result in fines, construction suspension and other administrative penalties, materially affecting our business operations. Additionally, all vaccine manufacturing facilities are required to be approved by governmental authorities before we may use them to commercially manufacture vaccine products and are subject to inspection by regulatory agencies during the operation.

We may face delays or other difficulties in constructing these facilities, which will require significant capital investment. Any failure to complete the expansions on schedule and within budget could adversely affect our financial condition, production capacity and operational results.

Furthermore, ensuring the successful integration of new manufacturing facilities into our existing operations involves significant logistical and operational challenges. This includes recruiting and training a skilled workforce, establishing reliable supply chains and implementing effective quality control measures. Any deviations or failures in these areas could result in operational inefficiencies, production delays or compromised product quality. See "—Any failure to perform proper quality control and quality assurance would have a material adverse effect on our business and financial results."

Moreover, the expansion of our manufacturing capacity may not generate the expected economic benefits if the demand for the vaccines produced at these manufacturing facilities falls short of our expectations. In such cases, excess production capacity could lead to increased operational costs and reduced profitability. The construction of new facilities may expose us to unforeseen external risks, such as natural disasters, which could disrupt operations and supply chains.

If we are not able to source sufficient quantity of raw materials of required quality at commercially acceptable cost, our business could be harmed.

In order to manufacture our vaccine products, we must obtain sufficient quantities of high-quality raw materials at commercially acceptable prices and in a timely manner. A majority of the raw materials are widely available, and we are able to purchase them from numerous suppliers across China. However, if our suppliers become unable or unwilling to continue to supply the raw materials to us in the quantities or at the quality or price that we require, we would have to incur additional time and costs to find alternative supplier(s) that can meet our standards. In addition, even for the widely available raw material, due to procedures required to onboard a new supplier, we cannot assure you that we would always be able to obtain raw materials in the desired quantities and prices. We also cannot assure you that our suppliers will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the raw materials supplied to us. In either case above, our operations might be interrupted or delayed and our business and financial results might be adversely affected.

Furthermore, raw materials used in our production may be subject to supply shortage caused by external conditions, such as changes in governmental policies and natural disasters. Various factors could lead to significant fluctuation in the prices of our key raw materials. We cannot assure you that our raw material cost will not increase significantly in the future, or that we could pass any increased raw material costs along to our customers. As a result, any significant price increase of our raw materials may have an adverse effect on our profitability and results of operations.

Moreover, we cannot guarantee that we will be able to detect all quality issues in the supplies we use. If we are unable to do so and the quality of our products suffer as a result, we may have to recall our products, be subject to product liability claims, suspend our production and/or incur significant costs to rectify such issue, which may have a material and adverse effect on our business, financial condition and results of operations.

Failure to secure cooperation with qualified cold-chain logistics providers may subject our vaccine products, reputation and business to incalculable risk of damage.

Vaccines are sensitive biological products. Even slight changes to temperature and lighting conditions may affect their potency. To maintain quality and potency, vaccines must be stored in strictly controlled environments through cold-chain logistics companies. The Vaccine Administration Law requires cold-chain transportation and storage in the entire delivery process of vaccines in order to ensure constant monitoring and control of temperature, with a tracking system implemented to keep proper records of the temperature of vaccines during transportation and storage. See "Regulatory Overview." To fully comply with these requirements, we have engaged logistic companies with cold-chain capabilities to transport our products. Our agreements with such logistic companies require them to provide cold-chain transportation services with tracking systems that are suitable for vaccines or medical products. Upon delivery, the logistic companies are required to provide the temperature monitor records for the entire delivery process, and we are entitled to inspect their compliance with all applicable requirements. The logistic companies are also obligated to deliver our products on time and are responsible for losses and damages in transportation. While CDCs would generally require logistics companies to provide relevant licenses to show their eligibility to transport vaccine products, we also audit the logistic companies periodically to ensure the quality of their service. In addition to engaging cold chain logistic companies, as of the Latest Practicable Date, we used 24 qualified storage centers located in 24 provinces. See "Business—Commercialization—Vaccine Transportation and Storage." If we or third parties we cooperate with fail to strictly adhere to any of the requirements when transporting our products through cold chain, our vaccine products may be exposed to inappropriate temperatures or other improper storage conditions and subject to potency diminishment or even potency loss. In this case, all the vaccine products that are transported in the same batch are subject to quality damage and may need to be destroyed. As a result, our reputation and business may be materially and adversely affected.

Vaccine products are susceptible to contamination.

Vaccine manufacturing usually requires cultivation steps, including growth of the appropriate organism and the use of substances of animal origin, which makes it easy to introduce a contaminant and to amplify low levels of contamination. In addition, cross-contamination could result from manufacturing activities being based on the sharing of equipment and facilities, which are common. Other activities such as diagnosis and research are frequently linked to manufacture, which may create opportunities for cross-contamination. Furthermore, any improper actions during the long-distance transportation, storage and delivery services may result in contamination of our vaccine products.

In the event of vaccine contamination or injury resulting from such contamination, we could be subject to liabilities for any resulting damages to vaccinees, product recalls, confiscation and/or destroy. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. In addition, contamination of our vaccine products could cause customers or other third parties with whom

we conduct business to lose confidence in our products' quality and the reliability of our manufacturing procedures, which could adversely affect our sales and profits. In addition, contaminated products that are unknowingly distributed could result in harm on vaccinees, threaten the reputation of our vaccine products and expose us to product liability claims, criminal charges and administrative sanctions.

We deal with potentially harmful biological materials and other hazardous materials that may cause environmental contamination or injury to others.

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

RISKS RELATING TO THE SALES AND MARKETING OF OUR APPROVED VACCINE PRODUCT AND COMMERCIALIZATION OF OUR VACCINE CANDIDATES

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.

As of the Latest Practicable Date, we had only one commercialized product, namely, the quadrivalent subunit influenza vaccine. During the Track Record Period, all of our revenue was from the sale of this vaccine. We expect sale of the quadrivalent subunit influenza vaccine to continue to generate a significant portion of our revenues in the near future. Any decrease in the demand for or pricing of our quadrivalent subunit influenza vaccine could cause our revenue and profitability to decline, which may materially and adversely affect our business, financial condition, results of operations and prospects. Factors that could lead to such a decline include, for example, the following, most of which we have very limited or no control:

- increased competition;

- new comparative or compelling product introductions by market newcomers or our competitors;
- the cost of vaccines relative to alternative treatments;
- results, timing and procedures of lot release determining whether we could market our products;
- results of public tenders determining whether we would be permitted to sell in designated markets;
- the market acceptability of our products to local CDCs and vaccinees and their willingness and power to purchase;
- PRC government-imposed pricing constraints or pricing guidance;
- disruptions in manufacturing or sales;
- media coverage and public opinion on side effect of vaccination or discovery of previously unknown adverse reactions; and
- newly discovered safety issues, such as issues relating to product quality or quality control.

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

Our sales performance is subject to seasonal fluctuations as all of our revenue was derived from the sales of our quadrivalent subunit influenza vaccine during the Track Record Period. As our influenza vaccines are seasonal-type vaccines against major circulating viruses during each flu season, our sales and return of the vaccines are affected by seasonal fluctuations in demand of vaccines in season, as affected by the seasonal outbreak of flus and seasonal circulating virus. Accordingly, our manufacturing activities tend to peak between March and August and our sales of influenza vaccines tend to be more concentrated between July and September. This seasonal pattern may result in the fluctuation of our operating results, and therefore, comparing our results of operations across different periods of a given year as an indicator of our performance may not be meaningful and should not be relied upon as indicators of future performance. Furthermore, if our operations are disrupted or affected by unpredictable events taking place during the peak flu vaccination seasons, our business, financial condition and results of operations could be adversely affected. As we expect that a significant portion of our revenue will be derived from the sales of influenza vaccines, our sales and operating results are likely to continue to fluctuate due to seasonality.

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.

We are required to participate in the public tender process held by provincial-level CDCs to sell our vaccine product, which is a Class II vaccine, in China. We generally compete with competitors on the technical designs, registration classification, bid price, clinical effectiveness and quality of product, as well as reputation. Once we win a public tender, we will be eligible to sell vaccine products to CDCs. See "Business—Commercialization—Public Tenders." Our bids during the public tender process may not be successful and our vaccine products, including any vaccine products that we commercialize in the future, may not be chosen for a number of reasons, such as:

- our prices are not competitive;
- our products are perceived to be less clinically effective than competing products;
- our service quality or any other aspect of our operation is perceived not to meet relevant requirements; or
- our reputation is adversely affected by unforeseeable events.

If we fail to participate or bid successfully during any public tender process, we will not be able to sell our products to the relevant CDCs, which will negatively impact our sales volume as well as our financial condition and results of operations.

Even if we bid successfully, we cannot guarantee that we will be able to secure purchase orders from local CDCs. For Class II vaccines, public 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 products to specific districts or counties. Therefore, winning the public tender does not guarantee that we will make sales to local CDCs. If we fail to secure subsequent product orders from local CDCs after we bid successfully at the higher level of CDCs, our sales volume and results of operations will be materially and adversely affected.

Our sales to CDCs may subject us to uncertainties associated with the government funding, budgeting and decision-making process.

During the Track Record Period, our customers were district- or county-level CDCs, which are government agencies administrating public health affairs. These expose us to certain risks relating to doing business with public authorities. For example, changes in circumstances may result in changes or delays to, or cancellations of, the CDCs' purchase commitments due to, among others, differing policy and budgetary agendas. Any of the above-mentioned actions taken by the authorities could have a material adverse effect on our results of operations and expected earnings, or result in our failure to meet, or having to adjust downwards, our sales estimates.

In addition, many of the remedies that are available to us when dealing with private parties, such as making claims for breach of contract or taking other legal actions, may not be practicable in our dealings with CDCs. For example, in the event of any dispute with a CDC, we may find it is not in our best interest to take legal actions against the CDC and may, instead, resolve such disputes through other means, such as negotiations or third-party mediations. Therefore, we cannot assure you that results from such processes will be the same as or more favorable to us than those we would have obtained in legal proceedings.

If we experience delays in collecting payments from CDCs, our cash flows and operations could be adversely affected.

We are exposed to certain risks when it comes to collecting payments from CDCs. Demand and ability to pay for our products may be affected by their budgetary cycles, shifting availability of funds and changes in government procurement policy. We typically grant credit periods ranging from six months to nine months to CDCs. The recovery period of the payment can be long due to the complex internal processes for settling payments of CDCs. As of December 31, 2023 and September 30, 2024, our trade receivables were RMB73.6 million and RMB317.8 million, respectively. Our trade receivables turnover days were 246.0 days in the nine months ended September 30, 2024. For more details on our trade receivables, see "Financial Information—Description of Certain Consolidated Statement of Financial Positions Items—Trade Receivables." We cannot assure you that CDCs could settle trade receivables in a timely manner, or at all, or that we can properly assess and respond in a timely manner to changes in their credit profile and financial condition. The delays in collecting payments from CDCs could adversely affect our cash flow and our working capital position for our normal business operation, our ability to make payments when due or to satisfy our financial needs to produce vaccines, conduct R&Ds or other business activities as planned, which in turn would materially and adversely affect our financial condition and results of operations.

Our vaccine products may become subject to national or other third-party reimbursement practices or unfavorable pricing regulations, which could harm our business.

The level of reimbursement available from PRC government health administration authorities, private health insurers and other organizations will affect how successfully we can commercialize an approved vaccine candidate. None of our approved vaccine product or vaccine candidates are currently covered by the PRC national reimbursement practice. As a result, if the approved vaccine product or vaccine candidate is not perceived to pose a high risk to a large number of population, people may elect not to receive the vaccination. On the other hand, if our vaccine is not covered by reimbursement from any third-party payor, while a competitor's vaccine targeting the same indications is covered, vaccinees may choose our competitor's vaccine over our own.

In the past, PRC government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular vaccines. Therefore, we cannot be sure that reimbursement will be available for our approved vaccine product and any approved vaccine candidate that we commercialize in the future and, if reimbursement is available, what the level of reimbursement will be. Obtaining or maintaining reimbursement for vaccine products may be particularly difficult. There may also be delays in obtaining reimbursement for vaccine products, and coverage may be more limited than expected.

Moreover, eligibility for reimbursement does not imply that any vaccine will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture and sales. Payment rates may vary according to the clinical setting in which it is used, may be based on payments allowed for lower-cost vaccines that are already reimbursed, and may be incorporated into existing payments for other services. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for our approved vaccine product and any future approved vaccine candidates could have a material adverse effect on our business, financial condition and results of operations.

Our pricing for vaccine products may limit market acceptance and result in reduced sales, adversely affecting our business and financial results.

Under the Vaccine Administration Law, Class II vaccine companies are required to follow the reasonable pricing principles, which is generally understood by the market players as setting prices with reference to market factors and purchase demand of CDCs. For our quadrivalent subunit influenza vaccine, we participate in provincial-level centralized bidding processes, prior to which we also set bidding prices in a reasonable and independent manner. If we win the bid, our bidding price becomes the selling price of such product in the respective province. The bidding price of our products is one of the factors considered by provincial CDCs. As Class II vaccines are paid by vaccinees, our pricing for such vaccines is primarily market driven. If our bidding price is high, we may not win the bid. Even if we end up winning the bid, if more than one vaccine manufacturer wins the bid and our product is priced higher, vaccinees may opt for the lower-priced product. As Class II vaccines, even if there is no competing vaccines available, vaccinees may still find our product expensive and choose not to inoculate. Any of the above could result limit market acceptance of our products, resulting in reduced sales, adversely affecting our business and financial results.

Moreover, our pricing approach could invite increased scrutiny and pressure from regulatory authorities aimed at reducing healthcare costs, potentially leading to adverse pricing regulations. Additionally, competitors may challenge our pricing strategy by offering similar vaccines at lower prices, attempting to capture market share and erode our competitive position.

If we fail to effectively communicate the value and benefits of our vaccine products to the market, our ability to maintain expected sales volumes and achieve projected revenues could be compromised. Consequently, our pricing strategy may adversely affect our business operations, financial condition and results of operations.

If we fail to obtain regulatory approval in any targeted jurisdictions outside of China, we will not be able to market our products in those jurisdictions.

We intend to market certain of our vaccine candidates, if approved, in jurisdictions outside of China. We obtained a registration certificate and market authorization of our quadrivalent subunit influenza vaccine in Macau in May 2024. Additionally, we initiated the registration process in the Philippines in November 2024. In 2025 and 2026, we plan to file product registration applications in various other jurisdictions, including Thailand, Uruguay, Indonesia, Canada, Singapore, Mexico and Hong Kong, along with any required GMP inspection applications. Entering any overseas market will require separate regulatory approvals in each region and compliance with numerous and varied regulatory requirements. Approval procedures vary among regions and countries, which may involve additional testing requirements, and the time required to obtain approval may differ from that needed for NMPA approval.

In addition, in many countries outside China, the prices that we intend to charge for our vaccines may also subject to approval. Approval by the NMPA does not ensure approval by regulatory authorities in other countries or jurisdictions. Similarly, approval by one foreign regulatory authority does not imply approval by other foreign authorities or the NMPA. The foreign regulatory approval process may involve all of the risks associated with obtaining NMPA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. Consequently, we may not be able to file for regulatory approvals or receive the necessary approvals to commercialize our vaccines in any market.

Our business and operation depend on our experience in launching and marketing vaccine products. If we cannot maintain sufficient marketing and sales capabilities, we may fail to generate sustainable revenue and profit.

To increase sales of our approved vaccine product as well as successfully commercialize our vaccine candidates, we will need to maintain and continue to build our sales and marketing capabilities, either on our own or in partnership with third parties, such as our third-party marketing service providers. The continued development of our sales and marketing team will be expensive and time-consuming and could delay any product launch. We compete with many vaccine companies that currently have extensive, experienced and well-funded marketing and sales operations to recruit, hire, train and retain marketing and sales personnel, and will have to compete with those companies to recruit, hire, train and retain any of our own marketing and sales personnel. If we are unable to sustain and expand our sales and marketing team, we may be unable to compete successfully against our competitors. On the other hand, for our collaboration with third-party marketing partners, such as our third-party marketing service providers, we need to negotiate and enter into arrangements with them. If we are unable to enter into such arrangements when needed, on acceptable terms, or at all, we may not be able to successfully commercialize any of our vaccine candidates that receive regulatory approval or any such commercialization may experience delays or limitations.

If we fail to effectively manage our third-party marketing service providers, our business and operations could be harmed, and we may be subject to product liability claims, potential litigation, governmental investigations and penalties.

Our ability to expand our business will depend on our ability to establish a sales network that timely delivers our products. 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 in different geographic areas. Our sales operations team is responsible for management of third-party marketing service providers, order management and shipment. In addition to our in-house teams, we also engage third-party marketing service providers to support our daily marketing activities. We typically enter into one-year agreements with the third-party marketing service providers, which may be renewed upon mutual agreement. While we may unilaterally terminate the contract with the third-party marketing service providers under a range of circumstances, our control over them is limited. If key third-party marketing service providers or a significant number of our third-party marketing service providers suspend or terminate their relationships with us, or fail to effectively promote our vaccine product, we may not be able to effectively maintain our sales volume. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Under our agreements with our third-party marketing service providers, they are required to comply with applicable regulatory requirements on marketing activities and our sales policies. Although we can monitor their marketing activities pursuant to those agreement, their actions are not within our control. They may fail to maintain necessary business qualifications, fail to obtain the required registration certificate from the relevant local authorities required for sales in the designated market, market our products in the manner we contemplate, fail to meet our needs or standards, or breach the laws and regulations applicable to the provision of marketing service. In such cases, we may be subject to product liability claims, potential litigation, governmental investigations and penalties.

Even if one of our vaccine candidates obtains regulatory approval, they may fail to achieve the broad acceptance by CDCs, local POVs and clinics, physicians, vaccinees and others necessary for commercial success.

Even if one of our vaccine candidates obtains regulatory approval, the commercial success of any of our current or future vaccine candidates will depend significantly on the broad acceptance by CDCs, local POVs and related healthcare professionals, vaccinees and others. The degree and rate of CDC's and vaccinees' adoption of our current or future vaccine candidates, if approved, will depend on a number of factors, including:

- the clinical indications for which the product is approved and vaccinees demand for approved vaccine products that target those indications;

- the safety and immunogenicity of our vaccine products as compared to therapies for the disease and other available vaccines;

- the prevalence and severity of side effects;
- the time required for manufacture and release of our vaccine products;
- the availability of coverage and adequate reimbursement from China's national or other third-party reimbursement practices for any of our products;
- acceptance by physicians, operators of local POVs and clinics and vaccinees of the product as a safe and effective treatment;
- proper training and administration of our products by physicians and medical staff;
- vaccinees' satisfaction with the results and administration of our products and overall treatment experience, including, for example, the convenience of any dosing regimen;
- the cost of treatment with our vaccine candidates in relation to alternative treatments;
- limitations or warnings contained in the NMPA-approved labeling for our products;
- the effectiveness of our sales and marketing efforts;
- adverse publicity about our products or favorable publicity about competitive products; and
- potential product liability claims.

We cannot assure you that our current or future vaccine candidates, if approved, will achieve broad market acceptance among physicians and vaccinees. Any failure by our vaccine candidates that obtain regulatory approval to achieve market acceptance or commercial success would adversely affect our results of operations.

Failure to maintain and predict inventory and finished goods levels in line with the level of demand for our vaccine products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

To operate our business successfully and meet our CDCs' demands and expectations, we must maintain a certain level of finished goods to ensure timely delivery when requested. Furthermore, we are required to maintain an appropriate level of inventory of our raw materials for our commercial production. If our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory of finished goods or produce our products in a timely manner, and may lose sales and market share to our competitors. On the other hand, we may be exposed to increased inventory risks due to excess inventories. Excess inventory levels

may increase our inventory holding costs, risk of inventory obsolescence or write-offs. As of December 31, 2023 and September 30, 2024, we recorded inventory allowance of RMB46.1 million and RMB20.7 million, respectively. According to Frost & Sullivan, the influenza vaccine industry generally features a relatively high inventory allowance given (i) the difficulties in predicting the vaccination rate given the difficulties in predicting the number of influenza cases, especially for newly launched vaccine products; (ii) the need to produce surplus vaccines to better prepare vaccine makers in case of need; and (iii) the relatively short life cycle of influenza vaccine products. See "Financial Information—Discussion of Certain Consolidated Statement of Financial Position Items—Inventories" for more details relating to our inventories and inventory allowance. We may routinely incur inventory write-offs and may incur significant inventory allowance due to unforeseen circumstances in the future.

We are exposed to risks associated with product returns.

In line with industry practice, we accept return (i) unused products that are expired or about to expire; (ii) products that are defective or are substandard; (iii) products with damaged packaging; and (iv) products that are otherwise unmarketable due to any fault on our part. As our influenza vaccines are seasonal-type vaccine against specific circulating viruses during each season, we also voluntarily accept unused influenza vaccines after the end of each influenza season, usually starting from April. See "Business—Commercialization—Return and Exchange." We recognize a refund liability if we expect to refund some or all of the consideration received from customers. Where the actual return rate is different from the original estimate, such difference will be "trued up" in the subsequent period. We recorded refund liabilities of RMB13.3 million as of December 31, 2023 and RMB71.7 million as of September 30, 2024.

The estimation of sales return requires the use of judgment and estimates. Given our limited experience in the commercialization of vaccine products, we cannot assure you that the estimation of our refund liabilities will be accurate. This inaccuracy could further complicate our inventory and financial management strategies. Failure to anticipate and manage product returns effectively could materially and adversely affect our financial results and results of operations.

The market opportunities for our vaccine candidates may be smaller than we anticipate, which could render some vaccine candidates ultimately unprofitable even if commercialized.

We estimate the incidence and prevalence of target vaccinee populations for particular diseases based on various third-party sources, such as scientific literature, surveys of clinics, patient foundations or market research, as well as internally generated analysis, and we use such estimates in making decisions regarding our vaccine development strategy, including determining on which candidates to focus our resources for preclinical or clinical trials. These estimates may be inaccurate or based on imprecise data. The total addressable market opportunity will depend on, among other things, acceptance of the vaccine by the medical community and vaccinee access, vaccine pricing and reimbursement.

The number of vaccinees in the addressable markets may turn out to be lower than expected, vaccinees may not be amenable to treatment with our vaccines, or new vaccinees may become increasingly difficult to identify or access. Furthermore, new studies may change the estimated incidence or prevalence of the diseases that our vaccine candidates target, and the number of addressable vaccinees for our vaccine candidates in any case may turn out to be lower than expected. In such cases, even if we obtain significant market share for our vaccine candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations.

We face risks from government actions regarding vaccines for diseases of major public health concern.

In response to a pandemic or the perceived risk of a pandemic, governments in China and other countries may take actions to protect their citizens, including but not limited to, intellectual property expropriation, compulsory licenses and/or strict price controls. These actions could limit our ability to control the production and generate revenue from sales of pandemic vaccines or otherwise impose burdensome regulations on our business. Additionally, we may be required by government or non-governmental authorities to reserve our vaccines for designated purposes or geographic areas, with stipulations on supply allocation. We may also face significant public scrutiny concerning our pricing policies with respect to our vaccines. If we are unable to successfully manage these risks, we could face significant reputational harm, which could negatively affect the price of our H Shares.

If we obtain approval to commercialize our vaccine outside of China, a variety of risks associated with international operations could materially adversely affect our business.

We intend to market certain of our vaccine candidates, if approved, in overseas markets. We obtained a registration certificate and market authorization of our quadrivalent subunit influenza vaccine in Macau in May 2024. Additionally, we initiated the registration process in the Philippines in November 2024. In 2025 and 2026, we plan to file product registration applications in various other jurisdictions, including Thailand, Uruguay, Indonesia, Canada, Singapore, Mexico and Hong Kong, along with any required GMP inspection applications.

As such, we expect that we will be subject to additional risks in commercializing our vaccine candidates outside of China, including:

- different regulatory requirements for vaccines and biologics in foreign countries;
- delays and difficulties in obtaining protection and weakened or lack of protection for our intellectual property rights, or more aggressive protection of our competitors' intellectual property rights;
- unexpected interruptions or changes with the collaboration with international partners;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic challenges, such as inflation, or political instability in specific foreign economies and markets;
- non-compliance with tax, employment, immigration and labor laws for employees residing or traveling abroad;
- foreign currency fluctuations and remittance limitations, which could result in increased operating expenses and reduced revenues;
- workforce uncertainty in countries where labor unrest is more prevalent than in China; and
- business interruptions resulting from geopolitical actions, including war and terrorism or natural disasters such as earthquakes, typhoons, floods and fires.

Failure to effectively manage these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

The recession or eradication of the infectious diseases that our vaccines target and the availability of alternative vaccines or treatment technologies may adversely affect our sales.

If the diseases that any of our vaccine products are indicated recess or are effectively eradicated, market demand for the relevant vaccine products will consequently diminish. Moreover, medical technologies are evolving and new vaccines or treatment technologies for diseases that our vaccines target may emerge. If these competing new vaccines or technologies are perceived by vaccinees to be more effective than our vaccines, market demand for our vaccines may decline. The occurrence of any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

OTHER RISKS RELATING TO OUR BUSINESS

If we are unable to compete effectively in the highly 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 operate in a highly competitive environment, and we expect the competition to increase in the future. Some of the competitors may have a longer operation history, are in a bigger size, or may have greater financial and/or other resources than we do. In addition, due to the growth potential of the vaccine markets, a number of other entities are trying to enter into the market and may offer products competing with ours. New competitors, domestic or international, may have, among other strengths, more innovative products or advanced technologies. In addition, the technologies used by us and our competitors are evolving rapidly, and new developments frequently result in price competition and product obsolescence.

Accordingly, we may not be able to obtain or maintain our current market share or outperform a competing product in the future for many reasons, such as:

- the competing product may gain a wider market acceptance;
- the competing product may incorporate more recent technological innovations or research findings;
- the competing product may be, or may be perceived to be, more effective or superior in quality or brand recognition;
- the competing product may be offered at a lower price;
- the competing product may be less sensitive to incidents or negative publicity;
- the competitor may have more financial resources or better R&D resources;
- the competitor may have more efficient manufacturing processes, greater production capacity or lower manufacturing costs;
- the competitor may have more aggressive marketing strategies, greater marketing capabilities or greater pricing flexibility; and
- the competitor may have better or more resource to, or may be able to in a more efficient manner, respond to new regulations or industry practice.

According to Frost & Sullivan, market players in the PRC vaccine market face many challenges, such as having to maintain stable vaccine manufacturing capacity, ensuring high quality standards and continuously investing in R&D and innovation. Furthermore, the vaccine market in China is expected to develop rapidly as a result of new trends, such as developing

combined vaccines, mRNA vaccines and other innovative vaccines, as well as developments in related scientific research and technology. If we fail to react to new trends, research and technology and to identify, develop and commercialize competitive vaccine candidates in a timely and cost-effective manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We depend on the continuing efforts of our senior management, as well as key scientific employees.

Our future success depends heavily upon the continued service of our key senior management members. In particular, the industry experience, management expertise, professional knowledge and contributions of our key members of our senior management are crucial to our success. We are led by An Youcai (Chairman, General Manager), Li Runxiang (Chief Financial Officer), Zhang Yangyang (Board Secretary), Chen Ze (Deputy General Manager and Chief Scientist), Yelin Xiong (Deputy General Manager), Zhao Guojun (Deputy General Manager) and Wang Kai (Deputy General Manager). See "Directors, Supervisors and Senior Management" for details. We do not maintain key man insurance for members of our management team or key scientific employees. If we lose the services of any senior management or key scientific employees, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects.

In addition, we also rely on our key scientific employees for, among other things, R&D, production, to develop new products, technologies and applications, to enhance our existing products, to ensure quality and safety control in production. Our ability to attract and retain key scientific employees is a critical aspect of our competitiveness. Competition for these individuals could require us to offer higher compensation and other benefits in order to attract and retain them, which would increase our operating expenses and, in turn, could materially and adversely affect our results of operations and financial condition. Failure to attract or retain any key scientific employees required to achieve our business objectives could severely disrupt our business and prospects. We compete for qualified personnel with other biotechnology companies and research institutions, and we may be unable to locate a suitable replacement for any key personnel that we lose.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, third-party suppliers and commercial partners.

We may be exposed to fraud or other misconduct committed by our employees or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud 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. Although we consider our internal control policies and procedures to

be adequate, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. In addition to the intellectual properties related litigations we may face as mentioned in "—We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful" and "—If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our vaccine candidates", we may also be involved in disputes or litigations relating to other issues, among others, breach of contract, environmental matters and labor disputes. 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, and if we are unsuccessful, could materially harm our reputation. In addition, if any verdict or award is rendered against us, we could be required to pay significant monetary damages and assume other liabilities. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, claims, disputes or legal proceedings against us may be due to actions taken by our counterparties, such as our suppliers and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

Insurance companies in China may not offer business insurance products that suit our needs. As a result, we may not be able to acquire insurance for all types of risks we face in our operations. We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in China, we maintain different types of insurance policies, such as product liability insurance policies, clinical trials liability insurance and key personnel insurance. See "Business—Insurance". The insurances we maintain are subject to payment limits and coverage exceptions. Consequently, any occurrence of an uninsured loss or losses in excess of our insurance coverage, litigation expenses in relation to potential product liability claims or business disruption, may result in substantial costs to us and the diversion of our resources, which could have a material adverse effect on our financial condition and results of operations.

Increases in labor costs could slow our growth and affect our financial condition.

Since some of our operations are labor-intensive and require the use of technical skills and know-how of our employees, our success depends in part on our ability to attract, retain and motivate a sufficient number of qualified employees. We have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. There is no assurance that these measures will be effective or that supply of skilled labor in local markets will be sufficient to fulfil our needs. Competition for competent and skilled labor is intensive in the industry. Our failure to hire and retain enough skilled employees could delay the anticipated preclinical studies or clinical trials timeframe or receipt of regulatory approvals to commercialize our vaccine candidates, or result in our expenses exceeding our initial budget. Any of the foregoing changes could have a material adverse effect on our business, profitability and prospects.

Further, substantially our entire workforce is employed in China. The average labor cost in China has been steadily increasing over the past years as a result of government-mandated wage increases and other changes in the PRC labor laws. Further changes in the labor laws, rules and regulations may be promulgated by the Chinese government in the future and our operations may be materially adversely affected if such laws, rules or regulations impose additional burden on the employers. The labor cost will continue to increase in the future which is in line with the economic growth in China. Competition for employees would require us to pay higher wages, which would result in higher labor costs.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may have a material adverse effect on our business operations, financial condition and results of operations.

Natural disasters, power shortages, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions we conduct our business. These regions may be under the threat of typhoon, tornado, snowstorm, earthquake, flood, drought, power shortages or failures, or are susceptible to epidemics, such as COVID-19, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe infectious disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities in the affected regions, which could therefore materially affect our operations. Acts of war or terrorism, riots or disturbances may also injure or loss of lives to our employees and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, and materially and adversely impact our business, financial condition and results of operations.

Our internal information technology systems, or those used by our service providers, may fail or suffer security breaches.

Despite the implementation of security measures, our information technology systems and those of our current or future service providers are vulnerable to damage from cyber-attacks, computer viruses, malicious codes, unauthorized access, employee theft or misuse, natural disasters, fire, power loss, terrorism, war, and telecommunication and electrical failures, among other things. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our vaccine candidates could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach may result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, and the further development of our vaccine candidates could be delayed. In addition, a security breach may result in the loss of, damage to, or public disclosure of personally identifiable information, and such an event could have serious negative consequences, including disputes, regulatory action, investigation, litigation, fines, penalties and damages, and time-consuming and expensive litigation, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our reputation is important to our business success, and damage to our reputation may adversely affect our business.

We, our Shareholders, Directors, officers, employees, suppliers, partners 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, suppliers, partners 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. As a result, we may be required to spend significant time and incur substantial costs to respond and protect our reputation, and we cannot assure you that we will be able to do so within a reasonable period of time, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

Negative publicity may impact the public confidence in vaccine products in general, lead to lower demand of vaccination, and result in more stringent regulations.

We may be subject to the implications of negative publicity regarding vaccine products or the vaccine industry in general. For example, in March 2016, media reported on improperly stored vaccines illegally sold by distributors in the Shandong province and all across China. The illegal distribution resulted in sales to CDCs of a large amount of vaccine products, including rabies vaccines, which might be ineffective or less effective due to improper storage in distributions. Although this scandal was a result of illegal distributions and had no indication of any quality issues of vaccine manufacturers, this caused panic and public concerns over the

safety of vaccines in general. Such incidents led to an overall downturn in the vaccine market in China and promoted the PRC government to introduce more stringent legislations and regulations for the vaccine industry. The State Council amended the Regulation on the Administration of Circulation and Vaccination of Vaccines and required direct sale of vaccines by vaccine manufacturers to county-level CDCs and tightened the requirements and standards of transportation and storage of vaccines.

In July 2018, the NMPA found that Changchun Changsheng, a company unrelated to us, had violated GMP standards, including falsifying production data of its human rabies vaccines. After further investigation, NMPA uncovered additional violations, and terminated Changchun Changsheng's relevant drug production license, among others. This incident caused great public concerns on the safety of vaccine products and integrity of vaccine makers in general. NMPA subsequently launched a nation-wide investigation on all vaccine manufacturers with respect to the whole production process, from procurement of raw materials to lot releases. This incident may also result in changes in market preferences and regulatory requirements.

Any such negative publicity may shake the public confidence in vaccine products or industry in general, including our products, and lead to lower demand for vaccines in China, which in turn could affect our business and performance adversely. Investigations or more stringent governmental regulations after such negative publicity, if any, may require time and attention of our management team that would otherwise be devoted to operation of our business, or may cause more compliance expenses. In the event that any negative publicity is regarding our own products or our own business, the adverse impact on our financial condition or results of operation will be more significant. The market price of our H Shares could also suffer dramatically as a result of such negativity.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of the relevant organizational framework policies, risk management policies and risk control procedures to manage our risk exposures, primarily our operational risks, legal risks and financial risks. However, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance such systems from time to time with future expansion of our business, we cannot assure you that our risk management and internal control systems will always be adequate or effective.

Since our risk management and internal control systems depend on the implementation by our employees, we cannot assure you that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain adequate patent and other intellectual property protection for our vaccine candidates throughout the selected markets in the world, or if the scope of such intellectual property rights obtained is not sufficiently broad or a compulsory license is issued, third parties could develop and commercialize vaccine candidates and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our vaccine candidates or technologies would be materially and adversely affected.

Our success depends, in part, on our ability to protect our proprietary technologies and know-how. We try to protect the technology that we consider important to our business by a combination of patent and trade secret protection, integration of network hardware and software encryption systems, as well as employee and third-party confidentiality agreements. 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. See "Business—Intellectual Property."

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner in all desirable jurisdictions. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive vaccines in all such fields and jurisdictions. Our pending and future patent applications may not result in patents being issued which protect our technology or vaccine candidates or which effectively prevent others from commercializing competitive technologies and vaccine candidates.

The requirements for patentability differ in certain jurisdictions. For example, methods of treatment of diseases are not patentable subject matters in China. Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. For example, according to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "PRC Patent Law"), for public health purposes, the China National Intellectual Property Administration ("CNIPA") may grant a compulsory license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we are forced to grant a license to third parties with respect to any patent or patent application relevant to our business, our competitive position may be materially impaired and our business, financial condition, results of operations and prospects may be adversely affected.

It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements or clauses with parties who have access to confidential or patentable aspects of our research and development output, such as our employees and CROs, any of these parties may breach such agreements or clauses and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. Furthermore, China and other jurisdictions adopted the "first-to-file" system, under which the first inventor to file a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, third parties may be granted a patent relating to a technology which we invented.

In addition, under the PRC Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to file in advance to CNIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

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 own currently or in the future are 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. Any patents that we hold, acquire or in-license may be challenged, narrowed, circumvented or invalidated by third parties. In addition, the patent position of pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Consequently, we do not know whether any of our platform advances and vaccine candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Issued patents covering one or more of our products and vaccine candidates could be found invalid or unenforceable.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or patent offices in China and other jurisdictions. We may be subject to claims that former employees or other third parties have an interest in our patents or other intellectual property or become involved in opposition, derivation, revocation, reexamination, post-grant and inter partes review, or interference proceedings challenging our patent rights or the patent rights of others. If we are

unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which our intellectual properties are subject, we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we are unsuccessful in any inventorship disputes to which we are subject, we may lose valuable intellectual property rights, such as exclusive ownership. If we are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture and commercialization of one or more of our vaccine candidates. The loss of exclusivity or the narrowing of our patent claims could limit our ability to stop others from using or commercializing similar or identical vaccine products. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations or prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

Despite measures we take to obtain patent and other intellectual property protection with respect to our vaccine candidates, any of our intellectual property rights could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our vaccine candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from CNIPA or made a misleading statement, during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a vaccine candidate.

Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Any loss of patent protection could have a material adverse impact on one or more of our vaccine candidates and our business. On the other hand, if third parties file counterclaims against us, we may need to exert significant time and expenses to defend such counterclaims, and failure to successfully defend counterclaims could require us to pay substantial damages, cease the sale of certain vaccines or enter into a license agreement and pay royalties (which may not be possible on commercially reasonable terms or at all).

Even if we obtain patent protection for our vaccine candidates, the term of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially and adversely affected.

Although various adjustments and extensions may be available, the term of a patent, and the protection it affords, is limited. For example, the expiration of a patent is generally 20 years for invention in the PRC. The patents and pending patent applications, if issued, for our vaccine candidates are expected to expire on various dates. See "Business—Intellectual Property" for the expiration dates of our issued patents for Core Products. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new vaccine candidates, patents protecting such vaccine candidates might expire before or shortly after such vaccine 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, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful.

Competitors or other third parties may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement, misappropriation or any other 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. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have the ability to dedicate more resources to enforce and defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating or otherwise violating our intellectual property rights. An adverse result in any litigation proceeding could put our patent, 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,

there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Therefore, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs.

Moreover, we may not be able to detect infringement against our patents. Even if we detect infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defenses available to it, such as the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for us to enforce our patents against such third party.

If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our vaccine candidates.

Our commercial success depends in part on our ability to avoid infringing, misappropriating, or otherwise violating intellectual property rights of third parties. However, our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Defending ourselves against third parties' intellectual right infringement allegations, meritorious or not, would be expensive and time consuming, and would be a substantial diversion of our resources and our management team's attention. 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 the event that third parties assert infringement claims against us, there is no assurance that the outcome would be in our favor, as whether a vaccine candidate or technology infringes on third parties' intellectual property rights involves an analysis of complex legal and factual issues, the determination of which is often uncertain, and the burden of proof required to successfully challenge or invalidate a third-party intellectual property right may be high. If we were found by courts or other competent authorities to have infringed on the patent or other intellectual property rights of third parties, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing our vaccine candidates, or at least delay the development or commercialization process. Even if the litigations or other proceedings are resolved in our favor, our involvement in such proceedings may attract publicity, thereby having a substantial adverse effect on our reputation and brand name.

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

We currently own a number of registered trademarks, any of which may be the subject of a governmental or third-party objection, which could prevent the maintenance of the same. We cannot assure you that any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in proceedings before the CNIPA and in proceedings before comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceeding may be filed against our trademarks and our trademarks may not survive such proceedings. 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 products mature in the future, upon regulatory approval, 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. We may be unsuccessful to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. 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. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected. 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. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to our issued patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our vaccine products and vaccine candidates. We seek to protect our trade secrets and confidential

information, in part, by entering into non-disclosure and confidentiality agreements or clauses with parties that have access to trade secrets or confidential information, such as our employees, collaboration partners, outside scientific collaborators, sponsored researchers, contract manufacturers, and other third parties that have access to them. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements or clauses. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements or clauses may breach or violate the terms of any such agreements or clauses and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our vaccine products, vaccine candidates and technology.

Additionally, we cannot guarantee that we have entered into such agreements or clauses with each party that may have or has had access to our trade secrets or proprietary technology and processes. 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 to be lawfully obtained or independently developed by a competitor or other third party, 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.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers, or claims asserting ownership of what we regard as our own intellectual property.

Some of our employees, including our senior management, may have been previously employed at other pharmaceutical companies, including our competitors or potential competitors. Some of these employees may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Therefore, 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 individual's current or former employer. 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 be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. Such failure would thus harm our business and may prevent us from successfully commercializing our vaccine candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect our ability to hire or retain our personnel. A loss of key personnel or their work products could hamper or prevent our ability to commercialize our vaccine candidates, which would have a material adverse effect on our business, results of operations, financial condition and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

In addition, while we typically require the personnel that may be involved in the conception or development of intellectual property to enter into agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property to determine the ownership of what we regard as our intellectual property. Furthermore, individuals executing agreements with us may have pre-existing or competing obligations to a third party, such as an academic institution, and their agreements to assign such intellectual property to us may be ineffective. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance with those requirements.

Periodic maintenance fees, renewal fees, annual fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA and other patent agencies in several stages over the lifetime of a patent. The CNIPA and other similar governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application and maintenance process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which 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 development, which could diminish the value of our intellectual property and impair the intellectual property protection of our vaccine candidates.

Our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical and biopharmaceutical industry involves technological and legal complexity and is costly, time-consuming and inherently uncertain. Changes in either the patent laws or their interpretation in different jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, and, more generally, affect the value of our intellectual property or narrow the scope of our patent

rights. These developments could have a material adverse effect on our patent rights and our ability to protect, defend and enforce our patent rights in the future, as well as on our competitive position, business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily protect us from all potential threats.

The degree of protection afforded by our intellectual property rights is essentially uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. The limitations of currently available intellectual property protection regimes include that:

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- we may not be the first to make the inventions covered by the issued patents or pending patent applications that we own or may own in the future;
- our pending patent applications may not lead to issued patents;
- issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable as a result of legal challenges;
- patents may be obtained long before regulatory approval for vaccines utilizing the technologies, limiting the patents' commercial lifespan and value;
- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we currently or plan to operate, and our competitors might conduct R&D activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive vaccines for commercialization in the jurisdictions where we currently or plan to operate; and
- the patents of others may prevent us from commercializing our vaccine candidates.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We incurred net losses in 2023 and the nine months ended September 30, 2024, and may continue to experience net losses in the foreseeable future.

We have incurred, and may continue to incur, significant research and development expenses, selling expenses, administrative expenses and other expenses related to our ongoing operations. For the year ended December 31, 2023 and the nine months ended September 30, 2024, we had loss and total comprehensive expenses of RMB424.7 million and RMB168.1 million, respectively. See "Financial Information—Period to Period Comparison of Results of Operations" for a discussion of our financial performance during the Track Record Period. Our ability to generate revenue will depend primarily on our ability to sell our approved vaccine product, quadrivalent subunit influenza vaccine, as well as the success of the regulatory approval, manufacturing and commercialization of the vaccine candidates, which is subject to significant uncertainty. Even if we obtain regulatory approval to market our vaccine candidates, our future revenue will depend upon other factors such as the market size for the proposed indications of our vaccine candidates, and our ability to achieve sufficient market acceptance.

We expect to continue to incur significant expenses and losses for the foreseeable future. We anticipate that our expenses will increase significantly if and as we:

- continue to advance the clinical trials and preclinical studies of our vaccine candidates;
- initiate preclinical, clinical or other studies for new vaccine candidates;
- construct new manufacturing facilities;
- seek regulatory approvals for our vaccine candidates to complete clinical development and commence commercialization;
- commercialize our vaccine candidates for which we have obtained marketing approvals;
- attract and retain skilled personnel, and grant equity-settled awards to our employees under our share incentive schemes;
- develop and expand our commercialization team to commercialize any vaccine candidates in our pipeline for which we may obtain regulatory approval;
- maintain, protect, expand and enforce our intellectual property portfolio;
- enforce and defend any intellectual property-related claims; and

- acquire or in-license other vaccine candidates, intellectual property assets and technologies.

The amount of our future net losses will depend, in part, on our future expenses resulted from costs and expenses incurred by our research and development programs and in relation to our operations, the cost of commercializing any approved vaccine candidates, our ability to generate revenues, and the timing and amount of milestone and other payments we make or receive with or through arrangements with third parties. If any of our vaccine candidates fails during clinical trials or does not obtain regulatory approval, or, even if approved, fails to achieve market acceptance, our business may not become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on our working capital and shareholders' equity.

We recorded net current liabilities during the Track Record Period, which can expose us to liquidity risk.

We had net current liabilities of RMB315.9 million and RMB256.7 million as of December 31, 2023 and September 30, 2024, respectively, which expose us to the risk of shortfalls in liquidity. We expect to continue to incur significant expenses relating to purchase of plant and equipment for the construction of the No. 2 and No. 3 Manufacturing Facilities. We plan to primarily use our cash from operations, cash and cash equivalents, bank borrowings and [**REDACTED**] from the [**REDACTED**] to fund our near future operations. If any changes on these funding sources or increases in the funding requirements, we will need to obtain substantial additional financing in connection with our continuing operations through public or private equity offerings, debt financing or other sources. Our ability to raise funds will depend on the worldwide financial, economic and market conditions and other factors, many of which are beyond our control. If adequate funds are not available to us on a timely basis, we may be required to tighten up the budget for existing products or delay, limit, reduce or terminate R&D activities, production facilities constructions, commercialization for one or more of our vaccine candidates or sales and marketing activities related to our vaccine product, and in turn will adversely affect our business, financial condition and results of operations and prospects.

We had net operating cash outflows during the Track Record Period, and we may need to obtain additional financing to fund our operations.

We had net cash flows used in operating activities of RMB306.0 million in the year ended December 31, 2023 and RMB164.3 million in the nine months ended September 30, 2024. See "Financial Information—Liquidity and Capital Resources—Cash Flows." We expect that we may continue to experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements, be unable to meet our capital expenditure requirements, be forced to scale back our operations, and/or experience other negative impacts on our operations, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Expirations or unavailability of existing government incentives could have an adverse effect on our profitability.

Our business benefits from certain government incentives, such as tax reduction and government grants. The Company enjoyed super-deduction of 100% on qualifying research and development expenditures throughout the Track Record Period. See note 12 in the Accountants' Report set out in Appendix I. If we are no longer able to enjoy additional deductions on qualifying research and development expenditures, the effective income tax rate may be higher and thus adversely affect our financial condition and results of operations.

In addition, we received government grants from time to time during the Track Record Period. Government grants recorded as other income amounted to RMB10.9 million, RMB2.0 million and RMB15.8 million in 2023 and the nine months ended September 30, 2023 and 2024, respectively, representing 20.9%, 43.2% and 7.3% of our revenue over the same periods.

In order to continue to qualify for the above reduced tax rate incentives, we also have to meet a number of financial and non-financial criteria, see "Regulatory Overview—Regulatory Provisions—Laws and Regulations Relating to Taxation—Enterprise Income Tax ("EIT")" for details. Moreover, the government could determine at any time to eliminate or reduce the scale of such preferential tax policy. Similarly, the availability and size of government grants depend, to a large extent, on political and policy developments that would be out of our control. Government grants and subsidies are inherently non-recurring in nature. Changes in policies could lead to a significant reduction in or a discontinuation of such government support we received, resulting in an adverse impact on our business, financial condition and results of operations.

We may need to obtain additional financing to fund our operations even if we consummate the [REDACTED], and if we fail to obtain such financing, we may be unable to complete the development and commercialization of our vaccine candidates.

During the Track Record Period, we funded our operations primarily through equity financing, bank borrowings and cash generated from our operations. We may require additional cash resources to meet our continued operating cash requirements in the future, especially to fund our research and development activities. Our cash operating costs mainly consist of (i) costs related to research and development of our vaccine candidates and (ii) production and marketing costs related to our quadrivalent subunit influenza vaccine. We expect to continue to spend substantial amounts of cash on advancing the clinical development of our vaccine candidates and commercializing any vaccine candidates for which we receive regulatory approval. With the continuing expansion of our business and vaccine portfolio, we may require further funding from our existing shareholders, through public or private offerings, debt financing, collaborations and licensing arrangements or other sources. It is uncertain whether financing will be available in the amounts or on terms acceptable or commercially reasonable to us, if at all. We may experience difficulty in obtaining or renewing bank loans and other borrowings. If we were not able to obtain additional capital to meet our cash requirements in the future, our business, financial condition, results of operations and prospects could be materially and adversely affected.

An impairment in the carrying value of intangible assets could have a material adverse effect on our financial condition and results of operations.

We had intangible assets of RMB26.8 million and RMB26.0 million as of December 31, 2023 and September 30, 2024, respectively. See note 18 to the Accountants' Report in Appendix I and note 12 to the Review Report in Appendix IA to this document for details of the intangible assets.

Although we did not recognize impairment losses in respect of intangible assets during the Track Record Period, such intangible assets are tested impairment annually based on the recoverable amount of the cash-generating unit to which the intangible asset is related. See note 19 to the Accountants' Report in Appendix I to this document for details of the assessment methods for our intangible assets. We cannot assure you that there will not be any impairment in respect of the intangible assets in the future. If we determine our intangible assets to be impaired, it may adversely affect our financial condition and results of operations.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes and credit risk associated with our financial assets at FVTPL.

Our financial assets at FVTPL include wealth management products managed by financial institutions in the PRC. As of December 31, 2023 and September 30, 2024, we had financial assets at FVTPL of RMB10.0 million and nil, respectively. The principal of the wealth management products was unguaranteed by the relevant financial institution. Changes in the fair value of the wealth investment products are reflected in our consolidated statements of profit or loss. The methodology that we use to assess the fair value of our wealth investment products involve a significant degree of management judgment and are inherently uncertain. Although the wealth management products had matured as of September 30, 2024, we cannot assure you that wealth management products we invest in the future will create fair value gains. If we incur such fair value losses, our results of operations and financial condition may be adversely affected.

Share-based compensation may cause shareholding dilution to our existing Shareholders and have an adverse effect on our financial performance.

We implemented share incentive plans during the Track Record Period. For the year ended December 31, 2023 and the nine months ended September 30, 2024, we incurred share-based payments of RMB47.9 million and RMB34.7 million, respectively. See "Appendix VI—Statutory and General Information—D. Employee Incentive Schemes" to this document for details of the share incentive plans. 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 payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a negative effect on our financial performance.

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

The change in the value of currencies may fluctuate and is affected by, among other things, changes of the relevant political and economic conditions and foreign exchange policies. Most of our costs, our assets (including cash and cash equivalents) will be denominated in a different currency from Hong Kong dollars, the currency that denominates our [**REDACTED**] from the [**REDACTED**]. Any significant change in the related exchange rates may adversely affect the value of our H Shares in Hong Kong dollars.

RISKS RELATING TO GOVERNMENT REGULATIONS

All material aspects of the research, development and commercialization of vaccine candidates are heavily regulated. Any failure to comply with existing or future regulations and industry standards or any adverse actions by regulatory approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

The vaccine industry in China and overseas is highly regulated and subject to extensive government regulation and supervision. In particular, the regulatory framework addresses all aspects of operations in the vaccine industry, ranging from clinical trials, product registration, production, transportation and storage, quality control to permission for sales, or lot releases, and requires various licensing, certification and satisfaction of regulatory or industry standards in relation to these aspects of operations. See "Regulatory Overview" for details.

Given the number and complexity of these regulations, compliance may be difficult and may cost us significant financial and other resources in setting up efficient compliance and monitoring systems. Moreover, these regulations constantly evolve, and the criteria used in reviewing applications for or renewals of licensing and certification in the vaccine industry may change and be more restrictive, and the regulatory regime over the vaccine industry, or any particular aspect thereof, may change from time to time or become more restrictive. Any enhanced regulatory requirements related to our business may make us bear higher compliance costs and we may face more severe administrative penalties for failure of compliance.

As a result, if we fail to, or are perceived to fail to, comply with applicable regulatory requirements at any stage during the R&D, manufacturing, transportation and storage process, including following any product approval, we may lose access to the market that only allows sales of products meeting those standards or requirements and may also be subject to sanctions which could have a material and adverse effect on our business, financial condition and results of operations, such as:

- monetary penalties;
- product recalls or seizure;
- injunctions;

- total or partial suspension of production;
- refusal of regulatory agencies to review approval applications or supplements to approval applications;
- withdrawals, revocation or non-renewal of approvals, license or permits previously issued; and
- criminal prosecution.

We primarily conduct clinical trials for our vaccine candidates in China, comparable foreign regulatory authorities may not accept data from such trials.

We primarily conduct clinical trials for our vaccine candidates in China, and may in the future conduct clinical trials for our vaccine candidates in other jurisdictions. The acceptance of trial data from clinical trials conducted outside these jurisdictions by the local regulatory authorities may be subject to certain conditions. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that foreign regulatory authority will accept data from trials conducted outside its jurisdiction. If foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our vaccine candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

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

China oversees and regulates 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. We may in the future transfer or out-license our patents or technology to overseas partners, or acquire or in-license patents or technology from overseas partners, or enter into agreements with overseas CROs for their technical support to assist us with the development of individual vaccine candidates, which may be deemed to constitute the import or export of technology under the regulations. As a result, such transfers may be required to be registered with applicable governmental authorities. We may also be subject to regulatory supervision over genetics and data-related

operations. To carry out clinical trials, as a foreign-invested enterprise, we may be required to obtain approval from or complete relevant filing with the Office of Human Genetic Resources Management under the Ministry of Science and Technology who will conduct genetics and data safety review. There is 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.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (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. If and to the extent our research and development of vaccine candidates will be subject to the Scientific Data Measures and any relevant laws as required by the relevant government authorities, we cannot assure you that we can obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of vaccine candidates may be hindered, which may materially and adversely affect our business, results of operations, financial condition and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

We may be exposed to risks related to our management of the medical data of participants enrolled in our clinical trials.

Any change in applicable laws and regulations relating to privacy and data security could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Complying with all applicable laws, regulations, standards and obligations relating to privacy and data security may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. In addition, our clinical trials also frequently involve CROs working with our staff and enrolled participants. We cannot ensure that such persons will always comply with the applicable laws and regulations or our data privacy measures. Any leakage or abuse of patient medical data by the CROs may be perceived by the patients as our fault, negligence or a result of our failure. Noncompliance could result in proceedings against us by data protection authorities, governmental entities or others, 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 patient data, could have a material adverse effect on our business, financial condition and results of operations.

We may be directly or indirectly subject to applicable anti-kickback, anti-bribery, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

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 China and the United States. 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.

In addition, we may be subject to similar healthcare laws in other jurisdictions in the future, some of which may be broader in scope or stricter than others, and if we fail to comply with any such requirements, we could be subject to penalties.

Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with 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, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations.

In addition, we are subject to anti-bribery laws 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, although currently our primary operating business is in China, we are subject to the Foreign Corrupt Practices Act, which generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Although we have policies and procedures designed to ensure that we, our employees and our agents comply with anti-bribery laws, there is no assurance that such policies or procedures 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, 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. We could also be adversely affected by any allegation that we violated such laws.

RISKS RELATING TO THE JURISDICTIONS IN WHICH OUR BUSINESS OPERATES

Changes in the political and economic policies in the jurisdictions that we operate may materially and adversely affect our business, financial condition, results of operations and prospects.

Substantially all of our operations are located in the PRC and all of our revenue is generated in the PRC. Accordingly, our business, financial condition and results of operations and prospects are affected by economic, political and legal developments in the PRC.

The PRC economy has experienced significant growth over the past decades since the implementation of the PRC's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. The overall economic growth is influenced by the governmental regulations and policies in relation to capital investments, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. If the business environment in China changes, our business and its growth prospects may be affected.

We cannot predict future changes in the PRC's economic, political and social conditions and the effect that new government policies would have on our business and prospects.

Changes in the international trade policies may affect our business operations.

Governments around the world may make significant changes in their trade policies and/or take certain actions that may materially impact international trade, such as imposing several rounds of tariffs. Any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our vaccine products, the competitive position of our vaccine products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or may prevent us from selling our vaccine products in certain countries. If any new tariffs, legislation and regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations.

The evolving trade disputes may escalate going forward and may result in certain types of goods, such as advanced research and development equipment and materials and manufacturing equipment, becoming significantly more expensive to procure from overseas suppliers or even becoming illegal to export. Furthermore, there can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships among the relevant countries or regions. Trade disputes, tensions and political concerns among the relevant countries or regions may therefore adversely affect our business, financial condition, results of operations, cash flows and prospects.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profit. Distributable profit is our profit as determined under PRC GAAP, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit that enables us to make dividend distributions to our Shareholders, including in periods in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The CSRC may further amend the dividend distribution rules for listed companies in China in the future, which could significantly affect the amount of capital available to support the development and growth of our business.

We are subject to environmental protection, health and safety laws and regulations, and if we fail to comply with these laws and regulations, we could be 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 but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operations. Delays or failures in obtaining all the requisite regulatory approvals for our construction projects may affect our abilities to develop, manufacture and commercialize our vaccine candidates as we plan. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection, and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. As a result, any failure by us to control the use or discharge of hazardous substances could have a material and adverse impact on our business, financial condition, results of operations and prospects.

In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facility during the process of discovery, testing, development and manufacturing of our vaccine candidates. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage. We may also be forced to close or suspend operations at certain of our affected facility temporarily, or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

In addition, we may be required to incur substantial costs to comply 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. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of shares by such shareholders.

According to the Individual Income Tax Law of the PRC and the Implementation Regulations for the Individual Income Tax Law of the PRC, both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Arrangements") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; (ii) otherwise, 10% of the total amount of dividends.

The interpretation and enforcement of applicable tax laws and regulations in the PRC by the PRC tax authorities, including whether and how income tax will be levied on non-PRC resident shareholders, will be determined according to the laws and regulations then in effect. Non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

We may be affected by currency exchange regimes.

Our revenue and expenses are substantially denominated in Renminbi, and the [**REDACTED**] from the [**REDACTED**] and dividends we pay on our H Shares, if any, will be in Hong Kong dollars. Under China's existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to make current account foreign exchange transactions, including paying dividends in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements.

However, the foreign exchange policies regarding payment of dividends in foreign currencies may change from time to time in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders, our ability to obtain foreign exchange through offshore financing and other foreign exchange related matters may also be affected.

There exist uncertainties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management based on Hong Kong or other foreign laws.

Both our company and our subsidiary are incorporated under the laws of China, and substantially all of our assets are located in China. A majority of our Directors, Supervisors and senior management personnel also reside in China, and substantially all of their assets are located in China. As a result, it may not be possible for investors to effect service of process upon us or our Directors, Supervisors and senior management personnel in China.

On July 14, 2006, the Supreme People's Court of PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《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 "2006 Arrangement"). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the 2006 Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the 2006 Arrangement remain uncertain.

On January 18, 2019, the Supreme People's Court of PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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"), which seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and PRC. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court of PRC and the completion of the relevant legislative procedures in Hong Kong Special Administrative Region. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective, there exist uncertainties in enforcing a judgment rendered by a Hong Kong court in PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Furthermore, China has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the U.S., the United Kingdom, or most other western countries, and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, recognition and enforcement in PRC or Hong Kong of judgment of a court in the U.S. or any other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and there can be no assurance that an active market would develop, and the price and trading volume of our H Shares may be volatile.

No public market currently exists for our H Shares. The [**REDACTED**] may differ significantly from the market price of the H Shares following the [**REDACTED**]. We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, especially during the period when a certain portion of our H Shares may be subject to lock-up, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market price or trading volume of the H Shares will not decline following the [**REDACTED**].

In addition, the trading price and trading volume of the H Shares may be subject to significant volatility in responses to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the H Shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our product candidates, the results of our applications for approval of our product candidates, regulatory developments affecting the vaccine market, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

The [**REDACTED**] of our H Shares is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in pro forma net tangible asset value.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our H Shares may experience dilution in the net tangible asset value per share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time.

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

Future sales or perceived sales by our existing Shareholders of our H Shares after the [**REDACTED**] could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of holders of H Shares.

Immediately upon completion of the [**REDACTED**], our Controlling Shareholder Group will in aggregate hold approximately [**REDACTED**] voting rights in our Company. As a result, our Controlling Shareholders, will have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions.

Our Controlling Shareholders may take actions that are not in the best interest of us or our other Shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their shares as part of a sale of our Company and may reduce the price of the H Shares. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that other holders of our shares may view as beneficial.

We cannot assure you that we will make any dividend payments in the future.

No dividend has been proposed, paid or declared by our Company since its incorporation. We do not have any dividend policy to declare or pay any dividends in the foreseeable future. Any future determination to pay dividends will be made at the shareholders' meeting and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. In addition, regulations in the PRC currently permit payment of dividends of us only out of our accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with our Articles of Association and the accounting standards and regulations in China. As a result, we cannot assure you that we will make any dividend payments on our H Shares in the future. See "Financial Information—Dividend Policy." Therefore, you should not rely on an investment in our H Shares as a source for any future dividend income.

Facts, forecasts and statistics in this document relating to vaccine market may not be fully reliable.

Facts, forecasts and statistics in this document relating to the vaccine industry in and outside China are obtained from various sources, including information provided or published by government agencies, third-party reports and other publicly available sources. 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, the collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies.

The information from official government sources has not been independently verified by us, the Joint Sponsors, [**REDACTED**], any of their respective directors, employees, agents or advisers or any other person or party involved in the [**REDACTED**], and no representation is given as to its accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

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 do not have sufficient control over the press and media coverage, and analysts might issue negative views or recommendations on us, which could have an adverse effect on the market price of H Shares.

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. 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**] on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in making your [**REDACTED**] regarding our H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to [**REDACTED**] in the [**REDACTED**]. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [**REDACTED**].