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

Application Proof of

Atom Therapeutics Co., Ltd.
杭州新元素藥業股份有限公司

(the "**Company**")

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

WARNING

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

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

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

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

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

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

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

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

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

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

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

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

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

No offer or invitation will be made to the public in Hong Kong until after a prospectus of the Company has been registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be made available to the public during the offer period.

IMPORTANT

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

Atom Therapeutics Co., Ltd.
杭州新元素藥業股份有限公司

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

[REDACTED]

Number of [REDACTED] in the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED]**

CITIC SECURITIES

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

A copy of this document, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" to this document, [has been] registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this document or any other document referred to above.

The [**REDACTED**] is expected to be fixed by agreement between the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and us on the [**REDACTED**]. The [**REDACTED**] is expected to be on or about [**REDACTED**] and, in any event, not later than 12:00 noon on [**REDACTED**] (Hong Kong time). The [**REDACTED**] will be not more than HK$[**REDACTED**] and is currently expected to be not less than HK$[**REDACTED**]. Applicants for [**REDACTED**] are required to pay, on application, the maximum [**REDACTED**] of HK$[**REDACTED**] for each [**REDACTED**] together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the [**REDACTED**] should be lower than HK$[**REDACTED**]. If, for any reason, the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and us are unable to reach an agreement on the [**REDACTED**], the [**REDACTED**] will not [**REDACTED**] and will lapse.

The [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) may, where considered appropriate and with our consent, reduce the number of [**REDACTED**] and/or the indicative [**REDACTED**] range that stated in this document at any time prior to the morning of the last day for lodging applications under the [**REDACTED**]. In such a case, notices of the reduction in the number of [**REDACTED**] and/or the indicative [**REDACTED**] range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.atomthera.com** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [**REDACTED**]. For more details, see the sections headed "Structure of the [**REDACTED**]" and "How to Apply for [**REDACTED**]" in this document.

Prior to making an [**REDACTED**] decision, prospective [**REDACTED**] should consider carefully all of the information set out in this document, including but not limited to the risk factors set out in the section headed "Risk Factors" in this document.

The obligations of the [REDACTED] under the [REDACTED] to [REDACTED] for, and to procure applicants for the [REDACTED] for, the [REDACTED], are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in the section headed "[REDACTED]" in this document.

[REDACTED]

[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

CONTENTS

IMPORTANT NOTICE TO [REDACTED]

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

***You should rely only on the information contained in this document to make your* [REDACTED] *decision. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by us, the Sole Sponsor,* [REDACTED]*, any of the* [REDACTED]*, any of our or their respective directors, officers or representatives, or any other person or party involved in the* [REDACTED].**

EXPECTED TIMETABLE v

CONTENTS viii

SUMMARY 1

DEFINITIONS 22

GLOSSARY OF TECHNICAL TERMS 34

FORWARD-LOOKING STATEMENTS 45

RISK FACTORS 47

WAIVERS AND EXEMPTION 114

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED] 121

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED] 127

CONTENTS

CORPORATE INFORMATION 131

INDUSTRY OVERVIEW 133

REGULATORY OVERVIEW 168

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE 212

BUSINESS 241

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER 334

SHARE CAPITAL 338

SUBSTANTIAL SHAREHOLDERS 343

DIRECTORS AND SENIOR MANAGEMENT 348

FINANCIAL INFORMATION 365

FUTURE PLANS AND [REDACTED] 402

[REDACTED] 405

STRUCTURE OF THE [REDACTED] 417

HOW TO APPLY FOR [REDACTED] 428

APPENDIX I — ACCOUNTANTS' REPORT I-1

APPENDIX II — UNAUDITED [REDACTED] FINANCIAL INFORMATION II-1

APPENDIX III — TAXATION AND FOREIGN EXCHANGE III-1

APPENDIX IV — SUMMARY OF PRINCIPAL LAWS AND REGULATIONS IV-1

APPENDIX V — SUMMARY OF ARTICLES OF ASSOCIATION V-1

APPENDIX VI — STATUTORY AND GENERAL INFORMATION VI-1

APPENDIX VII — DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY . . VII-1

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to* [REDACTED] *in the* [REDACTED]. *There are risks associated with any* [REDACTED]. *Some of the risks involved in* [REDACTED] *in the* [REDACTED] *are set out in the "Risk Factors" section of this document. You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED]. *In particular, we are a biotechnology company seeking to* [REDACTED] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules as we do not meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [REDACTED] *in companies like ours. Your* [REDACTED] *decision should be made in light of these considerations.

OVERVIEW

Founded in 2012, we are a biotechnology company focused on developing globally competitive and commercially valuable therapies in the fields of metabolic, inflammatory and cardiovascular diseases, covering the full spectrum of gout patient care, comprehensively addressing hyperuricemia, chronic gout, acute gout flares, tophus dissolution, and chronic kidney disease ("**CKD**") associated with hyperuricemia. As of the Latest Practicable Date, we had established a product pipeline consisting of two clinical stage products and multiple preclinical stage programs.

Our self-developed Core Product, ABP-671, features a unique chemical structure eliminating hepatotoxicity risks relative to benzbromarone and derivatives based on its core scaffold. ABP-671 also exhibits greater target selectivity and superior urate-lowering efficacy. Currently undergoing Phase 2b/3 clinical trials in both the U.S. and China for the treatment of gout and hyperuricemia, ABP-671 is therefore a potentially best-in-class Class 1 innovative urate transporter 1 ("**URAT1**") inhibitor for first-line treatment. ABP-671 has also shown promising preclinical results across multiple indications beyond gout and hyperuricemia, including CKD associated with hyperuricemia and refractory gout (or tophaceous gout).

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT.

Leveraging our structure-metabolism analysis-driven drug discovery platform, we have not only advanced the clinical-stage candidates ABP-671 and ABP-745, but also a portfolio of preclinical assets, including AT6616, ABP-6016 and ABP-6118.

We are developing our Core Product and other product candidates in highly competitive markets with intense competition from multi-national and domestic pharmaceutical companies with multiple approved drugs and similar drug candidates at similar or more advanced clinical stages. For more details, see "Risk Factors — Risks Relating to the Development of Our Drug Candidates — We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates."

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

The pipeline chart below summarizes the development status of our clinical-stage and selected preclinical-stage candidates as of the Latest Practicable Date.

Asset	Target/ Mechanism	Mono/ Combo	Indication	Preclinical	IND	Phase 1	Phase 2	Phase 3	NDA	Upcoming Milestone	Commercial Rights	Partnership
★ **ABP-671**	URAT1 Inhibitor	Mono	Gout and Hyperuricemia							2025Q4 CSR for the Part 1 of the Ph2b/3 trial 2026Q1 Start Ph3 2026Q4 Lock database for Ph3	Global	CMS 康哲药业 (1)
		Combo(2)	CKD associated with Hyperuricemia				(3)			2026Q1 Start Ph2, if approved	Global	
		Mono or Add-on(4)	Refractory Gout and/or Tophaceous Gout				(3)			2026Q2 Start Ph3, if approved	Global	
ABP-745	Colchicine Analogue	Mono	Acute Gout Flares							2026Q2 Complete Ph2	Global	
		Add-on(4)	Atherosclerosis				(5)			2025Q4 Submit IND for Ph2	Global	
		Mono	Rare Diseases				(5)			2026Q3 Submit IND for Ph2	Global	
AT6616	Undisclosed	Mono	AFib							/	Global	
ABP-6016	Undisclosed	Mono	MASH							/	Global	
ABP-6118	XO inhibitor	Combo(2)	CKD associated with Hyperuricemia							/	Global	

★ Core Product Global China Preclinical Directly enter Phase 2 or later clinical trials after IND Approval

Abbreviations: CKD: chronic kidney disease; URAT1: urate transporter 1; MASH: metabolic dysfunction-associated steatohepatitis; AFib: atrial fibrillation; XO: xanthine oxidase

Notes:

(1) We have entered into an agreement with CMS through its subsidiary, pursuant to which we collaborate with CMS for the exclusive commercialization of ABP-671 in Mainland China, Hong Kong and Macau for the treatment of gout and hyperuricemia. For additional information, see "Business — Commercialization — Commercialization Arrangement with CMS on ABP-671."

(2) We intend to explore ABP-671 and ABP-6118 for the treatment of CKD associated with hyperuricemia. For ABP-671, we plan to investigate its combination with an XO inhibitor. For ABP-6118, we intend to explore the potential of combining it with ABP-671 to leverage their complementary mechanism of actions in treating CKD patients with hyperuricemia.

(3) We intend to leverage the existing clinical trial results of ABP-671 and communicate with the relevant health authorities on the possibility of direct entry into Phase 2 or Phase 3 clinical trials for these indications. As of the Latest Practicable Date, we had not had such regulatory communications.

(4) "Add-on" therapy refers to a drug that is added to a patient's existing standard treatment to achieve additional benefits. This new therapy augments an established therapy without replacing it. Different from combination therapies which typically refer to using two or more drugs together, an add-on therapy is layered on top of an initial therapy.

(5) We intend to leverage the Phase 1 clinical trial results of ABP-745 and initiate Phase 2 clinical trials of ABP-745 for the treatment of atherosclerosis or certain rare diseases. As of the Latest Practicable Date, we had not had any regulatory communications with respect to such plan.

Our Business Model

Our core business model is to discover and develop in-house innovative therapies for metabolic, inflammatory and cardiovascular diseases to address medical needs. All drug candidates listed in the above chart are developed by us. To complement our internal efforts, we may seek collaborative opportunities on the clinical development and commercialization of our drug candidates to better capture global market opportunities through out-licensing, co-commercialization or other strategic collaborations.

CORE PRODUCT

Overview

Our self-developed Core Product, ABP-671, features a unique chemical structure eliminating hepatotoxicity risks relative to benzbromarone and derivatives based on its core scaffold. ABP-671 also exhibits greater target selectivity and superior urate-lowering efficacy. Currently undergoing Phase 2b/3 clinical trials in both the U.S. and China for the treatment of gout and hyperuricemia, ABP-671 is therefore a potentially best-in-class Class 1 innovative URAT1 inhibitor for first-line treatment.

Preclinical studies of ABP-671 showed no observable adverse effect levels of 200 mg/kg/day in 26-week and 39-week toxicity studies in rats and cynomolgus monkeys, equivalent to human doses of 1,944 mg and 3,888 mg for a 60 kg person. In human plasma, approximately 90% of ABP-671 remains in its parent form and does not generate toxic metabolites, thereby enhancing therapeutic efficacy while eliminating the risk of liver toxicity caused by metabolic byproducts. ABP-671 has demonstrated meaningful improvements in tophi dissolution, reduction of urate crystal burden, and mitigation of hyperuricemia-related complications in clinical trials. These benefits are supported by clinical data from over 750 patients across the U.S., China, Australia, and other countries and regions as of the Latest Practicable Date. Clinical data from Phase 1 (the U.S.), Phase 2 (Australia), and Phase 1/2a (China) trials show that all adverse events ("**AEs**") were Grade 1 or 2 and no liver toxicity was identified, highlighting a safety profile superior to current first-line therapies and mainstream drugs.

In addition, literature suggests that ABP-671 at doses of 2-4 mg may offer urate-lowering efficacy comparable to, or even exceeding, that of the highest approved doses (80 mg) of benzbromarone or febuxostat. ABP-671 has also demonstrated a marked therapeutic effect in reducing the frequency of acute gout flares. In addition, ABP-671 showed strong efficacy in dissolving tophi: during six months of treatment, subjects experienced significant tophus shrinkage, with an approximately 91% response rate in reduction of tophus diameter from baseline to week 28. Such result indicates that ABP-671 effectively and sustainably lowers serum uric acid ("**sUA**") levels, eliminating urate crystal deposition in human tissues, offering strong evidence of its potential to improve quality of life for patients with gout. With its ability to expand both the safety margin and therapeutic benchmark, we believe ABP-671 is well positioned to become a best-in-class candidate for effective sUA control and gout management as a first-line treatment.

ABP-671 has also shown promising preclinical results across multiple indications beyond gout and hyperuricemia, including CKD associated with hyperuricemia and refractory gout (or tophaceous gout). In rat models of hyperuricemia, ABP-671 significantly reduced sUA and blood urea nitrogen levels, while the high dose group also demonstrated a significant reduction in serum creatinine levels. In rat models of CKD associated with hyperuricemia induced by adenine and potassium oxonate, ABP-671 demonstrated both urate-lowering efficacy and the ability to reduce renal interstitial fibrosis and renal urate crystal deposition. It also showed potential in effectively mitigating renal tubular necrosis and inflammatory cell infiltration. For the indication of CKD associated with hyperuricemia, we plan to initiate a Phase 2 clinical study in the first quarter of 2026.

Addressable Markets and Competitive Landscape of the Core Product

Gout and hyperuricemia are prevalent chronic metabolic disorders that require long-term medication and impose an ongoing economic burden on patients and healthcare systems. Persistent hyperuricemia can lead to monosodium urate crystal formation and the onset of gout. According to Frost & Sullivan, the global population affected by hyperuricemia reached approximately 1,141.8 million in 2024 and is projected to further grow to 1,359.5 million by 2033. The global market size of treatment for gout and hyperuricemia is expected to expand from US$3.2 billion in 2024 to US$10.7 billion in 2033, representing a CAGR of 14.2%. Gout increases the risk of developing various comorbid conditions, such as cardiovascular diseases, CKD, urinary tract stones, and joint disorders. These comorbidities complicate the management and treatment of gout.

The incidence of gout has been increasing year by year and is increasingly affecting younger populations, according to the Frost & Sullivan. Gout patients are often afflicted by multiple comorbidities, which contribute to higher rates of hospital readmission and all-cause mortality. In recent years, driven by increased public health awareness and advances in diagnostic screening, a growing number of individuals with elevated sUA levels are actively seeking safe and effective long-term treatments. However, the current treatment guidelines offer limited choices, primarily confined to three drugs, including febuxostat, benzbromarone and allopurinol. Febuxostat has been associated with an increased risk of sudden cardiac death, prompting the FDA to require a black-box warning. It is also linked to severe liver injury and hepatic failure. Benzbromarone carries significant hepatotoxicity and acts as a highly strong inhibitor of the CYP2C9 enzyme, posing a risk of fatal outcomes such as fulminant hepatitis and acute liver failure. Allopurinol, on the other hand, has limited efficacy and is prone to causing severe, potentially fatal allergic skin rash.

Due to these safety concerns, patient willingness for treatment adherence is low, highlighting the urgent need for safer and more effective breakthrough therapies. Currently, most investigational and newly approved therapies are structural modifications based on the benzbromarone scaffold. However, the scaffold presents a well-documented risk of hepatotoxicity, primarily due to the metabolic oxidation of an aryl group in the body, which can generate toxic benzoquinone species that may cause liver function abnormalities, such as elevated transaminases, jaundice, and hepatocellular injury, and in severe cases, fulminant hepatitis. Such intrinsic risk is difficult to avoid, posing significant challenges for modified compounds in fully overcoming hepatotoxicity.

CLINICAL STAGE CANDIDATE

Our independently developed ABP-745 is a novel small-molecule drug with significant efficacy and remarkable safety for the treatment of acute gout flares. It is designed to target the first-line drug market in the field of acute gout flares and potentially address the longstanding lack of effective and safer therapies in the field of acute gout flares. ABP-745 has successfully completed a Phase 1 clinical trial in the U.S. and is advanced to global multi-center Phase 2 clinical trials in the U.S., Australia, China, and other regions. As a colchicine analogue, ABP-745 has undergone structural modifications to achieve far superior safety compared to colchicine, particularly in terms of gastrointestinal AEs, with the safety improved by 25-30 times through chemical structural modification of colchicine. In addition, ABP-745 does not cause drug-drug interaction ("**DDI**") through Cytochrome P450 enzyme system inhibition.

ABP-745 has demonstrated good inhibitory effects on multiple inflammatory factors, including the ability to inhibit the release of multiple inflammatory factors, such as IL-1β, IL-6, IL-18, and TNF-α, as well as to suppress the aggregation of inflammatory cells at plaque sites and inhibit macrophage foam cell formation. These anti-inflammation effects highlight its strong therapeutic potential in the treatment of atherosclerosis. ABP-745 is expected to provide additional benefits in plaque volume reduction and cardiovascular outcomes on top of existing lipid-lowering therapies. Animal studies have shown that ABP-745 achieved up to a 56.1% inhibition rate in aortic plaque area, while also demonstrating strong synergistic effects when combined with statins for the treatment of cardiovascular diseases. Such combination has the potential to reverse plaques in patients in clinical settings and reduce rehospitalization and mortality rates caused by cardiovascular diseases, effectively mitigating the life-shortening impact of atherosclerosis, and offering significant market potential. We are actively planning to submit an investigational new drug application for Phase 2 clinical trial in the atherosclerosis indication of ABP-745 in the fourth quarter of 2025 in both the U.S. and China simultaneously, aiming to unlock the full potential of ABP-745 in cardiovascular disease treatment.

SELECTED PRECLINICAL STAGE CANDIDATES

AT6616 is an innovative small molecule anti-arrhythmic drug candidate, currently under development for the treatment of atrial fibrillation ("**AFib**"). AFib is characterized by uncoordinated atrial electrical activation and ineffective atrial contraction. Globally, over 60 million people suffered from AFib in 2024, according to Frost & Sullivan. Metabolic disorders, including obesity, type 2 diabetes, or hyperuricemia, are linked to raised risks for AFib.

ABP-6016, is a small molecule drug candidate designed to treat metabolic dysfunction-associated steatohepatitis ("**MASH**"), a broader form of inflammatory liver injury related to metabolic dysfunction. MASH affected over 400 million people worldwide in 2024, according to Frost & Sullivan.

ABP-6118 is a small molecule drug candidate designed as an inhibitor targeting xanthine oxidase ("**XO**") for the treatment of CKD associated with hyperuricemia. According to Frost & Sullivan, hyperuricemia is considered an independent risk factor for the development and progression of CKD. In China, it affects 36.6% to 50.0% of CKD patients at different stages, with higher rates in more advanced stages. On the other hand, CKD patients are at particularly high risk for hyperuricemia due to impaired renal uric acid ("**UA**") excretion, while elevated UA levels may further accelerate CKD progression, creating a detrimental cycle that worsens patient outcomes.

OUR STRENGTHS

We believe the following strengths differentiate us from our competitors:

- Global innovator in transforming metabolic, inflammatory and cardiovascular therapies
- Innovative development of ABP-671 as a potential best-in-class treatment for gout and hyperuricemia
- Innovative development of ABP-745 as a potential breakthrough therapy for acute gout flares
- Source innovation-driven R&D pathways to continuously expand indications and develop high-quality drug candidates
- Robust global patent protection and clear, predictable commercialization strategies safeguard the commercial value of our pipeline
- World-class R&D talent, forward-looking leadership, and long-term investor support drive innovation and global expansion

For details, see "Business — Our Strengths."

OUR STRATEGIES

We plan to pursue the following significant opportunities and execute our key strategies accordingly.

- Accelerate global commercialization of our Core Product ABP-671
- Accelerate the clinical development and market launch of our key product ABP-745
- Expand indication of our products and preclinical programs
- Advance implementation of commercialization strategies and foster business development partnerships
- Attract, retain, and strengthen the foundation of high-caliber talent

For details, see "Business — Our Strategies."

RESEARCH AND DEVELOPMENT

We aspire to leverage our industry experience and established R&D capabilities to develop innovative and effective treatment options in the fields of metabolic, inflammatory, and cardiovascular diseases. As a biotechnology company driven by innovation, we place R&D at the core of our growth strategy. Our R&D efforts focus on addressing unmet medical needs through the discovery and development of safe, effective, and high-quality therapies. Leveraging a combination of in-house expertise, advanced technologies, and strategic collaborations, we are committed to accelerating the development of innovative treatments that improve patient outcomes and contribute to public health.

Our R&D team has strong expertise, deep understanding and broad development experience. As of the Latest Practicable Date, 27 members of our R&D team had obtained advanced degrees, including 10 members with doctorate degrees and 17 members with master's degrees. Our R&D team is led by a team of world-class scientists with years of drug development experience.

We have built strong relationships with renowned industry experts. We engage our scientific advisory board of distinguished scientists to advise on our research strategy and clinical development plan. Our scientific advisory board is led by Dr. N. Lawrence Edwards, Dr. Robert Terkeltaub, Dr. Kenneth G. Saag and Dr. Matthew J. Budoff.

We collaborate with contract research organizations ("**CROs**") to conduct and support our preclinical studies and clinical trials in line with industry practice. During the Track Record Period, we have cooperated with over 30 CROs. Overall, we aim to select CROs that have optimal compatibility with our preclinical and clinical development programs. When collaborating with CROs on a given project, our internal project team takes a comprehensive approach to manage such project and closely monitors the progress, engages in regular communication with the CRO teams to understand project milestones, identify potential risks, and ensure the project deliverables.

In 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded research and development expenses of RMB176.5 million, RMB338.1 million, RMB162.3 million and RMB73.8 million, respectively, with research and development expenses of RMB155.1 million, RMB283.5 million, RMB135.8 million and RMB63.1 million attributable to our Core Product, respectively, representing 87.9%, 83.9%, 83.7% and 85.5% of our total research and development expenses in the corresponding year/period. The decrease in research and development expenses for ABP-671 in the six months ended June 30, 2025, compared to the corresponding period in 2024, was consistent with the progression of its clinical development. As we continue to advance the Phase 2b/3 clinical trial, we expect to continue incurring significant research and development expenses related to ABP-671. For details, see "Financial Information — Description of Selected Components of the Consolidated Statements of Loss and Other Comprehensive Expenses — Research and Development Expenses."

CHEMISTRY, MANUFACTURING & CONTROLS

As of the Latest Practicable Date, our chemistry, manufacturing & controls ("**CMC**") team consisted of seven professionals with extensive experience in process development, production and quality management from well-known biopharmaceutical and pharmaceutical companies. Our CMC team members have on average approximately ten years' experience. Our CMC team specialized in preclinical and clinical support throughout the drug development process. The CMC function in our Company plays a critical role in drug development. It is responsible for developing safe, robust, and economically sound production processes for our drug substances and drug products, and ensuring their quality meets regulatory requirements.

As of the Latest Practicable Date, we did not have beyond-lab-scale/commercialization-scale manufacturing facility. We collaborate with contract development and manufacturing organization ("**CDMO**") partners (including contract manufacturing organizations ("**CMOs**")) to conduct and support our preclinical studies and clinical trials in line with industry practice. In terms of the involvement and contributions of each of the major CDMO partners (including CMOs) to the development of our product candidates, we collaborate with our CDMO partners to manufacture certain raw materials and drug substances, such as the active pharmaceutical ingredients of our product candidates to supply for preclinical studies and clinical trials. During the Track Record Period, we have cooperated with five CDMO partners.

COMMERCIALIZATION

During the Track Record Period and as of the Latest Practicable Date, we did not have any commercialized product. Our Core Product is positioned as one of the earliest domestically developed URAT1 inhibitor for the treatment of gout, according to Frost & Sullivan, upon obtaining the marketing approval from the NMPA. We have entered into a commercialization arrangement with CMS, a platform company linking pharmaceutical innovation and commercialization with strong product lifecycle management capability, for the future commercialization of ABP-671 for the treatment of gout and hyperuricemia in Mainland China, Hong Kong, and Macau (the "**Territory**"). CMS will be exclusively responsible for ABP-671's commercialization in the Territory, and we will retain all research, development and manufacturing rights, as well as commercialization rights outside of the Territory. For details, see "Business — Commercialization."

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

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had 168 granted patents, including 20 granted patents in China, eight granted patents in the U.S., and 140 granted patents in other countries or regions, and we had 85 patent applications. With respect to the Core Product ABP-671, we had 123 granted patents and 33 patent applications as of the same date. As of the Latest Practicable Date, we had not received any material concerns or inquiries from relevant competent authorities that would lead us to believe that any of the pending patent applications will be rejected. The following table sets forth an overview of our material granted patents and filed patent applications in connection with our Core Product as of the Latest Practicable Date. For details, see "Appendix VI — Statutory and General Information — B. Further Information about Our Business."

Product	Name of Patent/ Patent Application[1]	Jurisdiction	Status	Patent Holder/ Applicant	Expiration Date[2]
ABP-671	Compound for treating or preventing hyperuricemia or gout (一類用於治療或預防高尿酸血症或痛風的化合物)	Mainland China Taiwan the U.S./Japan/Singapore/ New Zealand/Australia/ EU/Korea/Mexico/ Brazil/Canada/Israel/ Malaysia/Vietnam/ South Africa	Granted	Hangzhou Atom	2036-09-08 2036-09-29 2036-09-07
ABP-671	Synthesis Method of 3-Bromo-5-(2-ethylimidazo[1, 2-a]pyridine-3-carbonyl)-2-hydroxybenzonitrile (3-溴-5-(2-乙基咪唑并[1,2-a]吡啶-3-羰基)-2-羟基苯甲腈的合成方法)	Mainland China Macau Taiwan Hong Kong United States Japan/EU/India/Korea	Granted	Hangzhou Atom	2040-01-14 2040-01-14 2040-01-16 2040-01-17 2042-06-06 2040-01-17

Product	Name of Patent/ Patent Application[1]	Jurisdiction	Status	Patent Holder/ Applicant	Expiration Date[2]
ABP-671	Solid forms of a compound for treating or preventing hyperuricemia or gout (用於治療或預防高尿酸血症或痛風的化合物的固體晶型)	Mainland China/ Hong Kong/Macau/ the U.S./Australia/ New Zealand/EU/ Korea/Japan/Taiwan	Mainland China/ Hong Kong/Macau/ the U.S./Australia/ New Zealand/EU/ Korea/Japan: Filed; Taiwan: Granted	Hangzhou Atom	Mainland China/ Hong Kong/Macau/ the U.S./Australia/ New Zealand/ EU/ Korea/Japan: N/A; Taiwan: 2043-11-16

Notes:

(1) Unless otherwise indicated, the patent for applications within the same family is the same and is therefore disclosed once.

(2) The patent expiration date is estimated based on current filing status, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of CROs, CDMO partners and raw materials providers and we did not experience any material disputes with our suppliers. In addition, we believe that adequate alternative sources for such supplies exist, and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. We generally have credit periods of 30 days.

In each year/period during the Track Record Period, our purchases from our five largest suppliers in each year/period in aggregate amounted to RMB146.2 million, RMB287.7 million and RMB54.6 million, representing 86.0%, 87.5% and 77.9% of our total corresponding purchases in such year/period, respectively, and our purchases from the largest supplier in each year/period during the Track Record Period, which is a CRO headquartered in the U.S. we engaged for the conduct of our U.S. clinical trials, accounted for 44.6%, 56.8% and 54.7% of our total corresponding purchases, respectively. We consider our arrangements with suppliers to be conducted in the ordinary course of business and have not experienced any material adverse impact arising from such arrangements. For details, see "Risk Factors — Risks Relating to Dependence on Third Parties — We relied on a limited number of suppliers and were dependent on our largest supplier during the Track Record Period."

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of key financial information set forth below has been derived from, and should be read in conjunction with, our historical financial information, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in "Financial Information" of this document. Our historical financial information was prepared in accordance with IFRSs.

Summary of Consolidated Statements of Loss and Other Comprehensive Expenses

The following table sets forth a summary of our consolidated statements of loss and other comprehensive expenses for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2023	2024	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)* *(unaudited)*	*(RMB'000)*
Other income	11,180	7,718	4,871	1,813
Other gains and losses, net	78,229	(92,351)	(13,531)	(84,062)
Research and development expenses	(176,502)	(338,060)	(162,270)	(73,768)
Administrative expenses	(10,292)	(11,295)	(5,227)	(5,834)
[**REDACTED**] expenses	–	–	–	(3,230)
Finance costs	(37)	(71)	(46)	(18)
Loss before tax	**(97,422)**	**(434,059)**	**(176,203)**	**(165,099)**
Income tax expenses	–	–	–	–
Loss for the year/period	**(97,422)**	**(434,059)**	**(176,203)**	**(165,099)**
Other comprehensive income (expense)				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	183	(581)	(140)	193
Total comprehensive expense for the year/period	**(97,239)**	**(434,640)**	**(176,343)**	**(164,906)**

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We incurred operating losses during the Track Record Period. Our loss for the year/period was RMB97.4 million, RMB434.1 million and RMB165.1 million in 2023, 2024 and the six months ended June 30, 2025, respectively. Our loss primarily resulted from research and development expenses and administrative expenses.

Summary of Consolidated Statements of Financial Position

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Non-current assets	98,616	91,372	26,151
Current assets	450,590	286,216	352,447
Current liabilities	977,527	1,249,978	1,336,075
Net current liabilities	**(526,937)**	**(963,762)**	**(983,628)**
Total assets less current liabilities	**(428,321)**	**(872,390)**	**(957,477)**
Non-current liabilities	10,048	317	80,136
Net liabilities	**(438,369)**	**(872,707)**	**(1,037,613)**
Capital and reserves			
Paid-in capital/share capital	42,403	45,251	45,251
Reserves	(480,772)	(917,958)	(1,082,864)
Total deficit	**(438,369)**	**(872,707)**	**(1,037,613)**

Our net liabilities increased by 99.1% from RMB438.4 million as of December 31, 2023 to RMB872.7 million as of December 31, 2024, primarily due to a net loss of RMB434.1 million that we recorded in 2024. Our net liabilities further increased by 18.9% from RMB872.7 million as of December 31, 2024 to RMB1,037.6 million as of June 30, 2025, primarily due to a net loss of RMB165.1 million that we recorded in the six months ended June 30, 2025.

Our net current liabilities increased by 82.9% from RMB526.9 million as of December 31, 2023 to RMB963.8 million as of December 31, 2024, primarily due to (i) an increase in redemption liabilities at FVTPL, as we received proceeds from our preferred shares financing during the year and (ii) a decrease in financial assets at FVTPL, mainly attributable to changes in the principal and interest of our structured deposits, partially offset by an increase in bank balances and cash which was mainly attributable to cash flows in our operating, investing and financing activities.

Our net current liabilities increased by 2.1% from RMB963.8 million as of December 31, 2024 to RMB983.6 million as of June 30, 2025, primarily due to the increase in current assets, which are mainly attributable to (i) an increase in prepayments and other receivables, mainly attributable to the reclassification of a deposit paid to a CRO from non-current to current and an increase in prepayments made to a supplier for the purchase of R&D materials, and (ii) an increase in financial assets at FVTPL, mainly attributable to the increased principal and interest of our structured deposits, partially offset by a decrease in bank balances and cash which was mainly attributable to cash flows in our operating, investing and financing activities.

We recorded net current liabilities during the Track Record Period, primarily because our preferred shares issued to Pre-[**REDACTED**] Investors were recorded as current liabilities under redemption liabilities at FVTPL. These preferred shares will be converted into ordinary shares upon the [**REDACTED**], after which the amount of our redemption liabilities at FVTPL will be derecognized from our liabilities and recorded as equity, which can result in our Group turning into net current assets and net assets position.

Summary of Consolidated Statements of Cash Flows

The following table sets forth the components of our consolidated statements of cash flows for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2023	**2024**	**2024**	**2025**
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Operating cash flow before movements in working capital	(176,201)	(340,838)	(162,573)	(81,012)
Changes in working capital	(15,370)	(27,594)	(33,851)	81,348
Net cash (used in)/from operating activities	(191,571)	(368,432)	(196,424)	336
Net cash (used in)/from investing activities	(145,148)	228,823	276,869	(62,577)
Net cash from/(used in) financing activities	316,325	167,454	40,277	(319)
Net (decrease)/increase in cash and cash equivalents	(20,394)	27,845	120,722	(62,560)
Cash and cash equivalents at beginning of the year/period	109,423	89,831	89,831	117,609
Effect of foreign exchange rate changes	802	(67)	36	(13)
Cash and cash equivalents at the end of the year/period	**89,831**	**117,609**	**210,589**	**55,036**

During the Track Record Period, our primary uses of cash were to fund the preclinical and clinical development of our drug candidates and administrative expenses. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from equity financing. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations.

During the Track Record Period, we incurred negative cash flows from our operations and substantially all of our operating cash outflows resulted from our R&D and administrative activities. In 2023 and 2024, we had net cash used in our operating activities of RMB191.6 million and RMB368.4 million, respectively. In the six months ended June 30, 2025, we recorded net cash from our operating activities of RMB0.3 million. We expect to generate more cash flow from our operating activities, through launching and commercializing our products, enhancing our cost containment capacity and operating efficiency, as well as potentially from collaboration and/or licensing arrangements. For details, see "Financial Information — Liquidity and Capital Resources."

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

Our cash burn rate refers to the average monthly amount of cash used in operating activities, property and equipment and lease payments. We had (i) cash and cash equivalents of RMB55.0 million; (ii) financial assets at FVTPL of RMB225.5 million; and (iii) term deposits of RMB20.9 million as of June 30, 2025 and we received the final payment of RMB67.5 million from the Series D Financing in August 2025 (collectively, the "**Existing Internal Resources**"). We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-end of the indicative [**REDACTED**] range stated in this document and the [**REDACTED**] is not exercised. Assuming an average cash burn rate going forward of 1.2 times the level during the Track Record Period, and on the basis of our Existing Internal Resources as set out above, we estimate that we will be able to maintain our financial viability for [**REDACTED**] months, or if we take into account the [**REDACTED**] from the [**REDACTED**] (based on the low-end of the [**REDACTED**] range and assuming the [**REDACTED**] is not exercised), [**REDACTED**] months. Our Directors and management team will continue to monitor our working capital, cash flows, and our business development progress.

KEY FINANCIAL RATIO

The following table set forth our key financial ratio as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
Current ratio[(1)]	0.5	0.2	0.3

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

DIVIDEND

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder's meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our drug candidates as well as our earnings, capital requirements, overall financial condition and contractual restrictions. There is no assurance that dividends of any amount will be

declared or distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [**REDACTED**]. As confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

[**REDACTED**]

We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range, and assuming that the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] we will receive from this [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the research and development of our Core Product, ABP-671,

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the research and development of our key product, ABP-745,

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the continuous development of our technology platforms, the advancement of other existing pipeline assets, and the exploration and development of new drug candidates into the clinical trial stage, and

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

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

RISK FACTORS

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

- Our business and prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business and prospects could be materially and adversely affected.

- We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

- Clinical development involves a lengthy and expensive process with uncertain outcomes, and results of preclinical studies and early phases of clinical trials may not be predictive of future trial results.

- If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

- We may not be able to identify, discover or develop new drug candidates, or to expand the therapeutic opportunities for our drug candidates.

- We may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications that may later prove to be more profitable or for which there is a greater likelihood of success.

- Adverse events or undesirable side effects caused by our drug candidates could interrupt or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an intended label, or result in significant negative consequences following any regulatory approval.

- If we encounter delays or difficulties enrolling subjects in our clinical trials, our clinical development progress could be delayed or otherwise adversely affected.

- We have been conducting clinical trials for the same product candidate across multiple jurisdictions, which may expose us to regulatory inconsistencies, data integration challenges, compliance risks, and potential delays that could adversely affect our product development and commercialization prospects.

- Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these drug candidates on a timely basis or at all.

- The data and information we gather or otherwise rely on in our research and development process could be inaccurate or incomplete, which could harm our trial results, reputation and prospects.

- We invest substantial human and capital resources in research and development to develop our drug candidates and enhance our technologies, but we cannot guarantee that such efforts will lead to successful outcomes.

PRE-[REDACTED] INVESTORS

Since the establishment of our Company, we have received five rounds of equity financing totaling approximately RMB1,078 million from our Pre-[**REDACTED**] Investors. Our Pre-[**REDACTED**] Investors include certain Sophisticated Investors, such as Kaitai Capital, Zhuhai Livzon, New Power, Heda Fund and HSG. Each Sophisticated Investor has made meaningful investment in the Company at least six months before the [**REDACTED**]. Pursuant to the applicable PRC laws, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) of our Company could not dispose of any of the Shares held by them. We utilized the proceeds from the Pre-[**REDACTED**] Investments to finance our R&D development activities of pipeline products and fund our daily operations. For further details of the identity and background of our Pre-[**REDACTED**] Investors, and the principal terms of the Pre-[**REDACTED**] Investments, please see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Dr. Shi was directly interested in approximately 30.3% of our total issued share capital. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Dr. Shi will be entitled to exercise the voting rights attached to approximately [**REDACTED**]% of our total issued share capital. Therefore, Dr. Shi will be our Single Largest Shareholder upon [**REDACTED**] and our Company will not have any controlling shareholder as defined under the Listing Rules.

[REDACTED] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimate [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] expenses consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**] commission, of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. During the Track Record Period, the [**REDACTED**] expenses charged to our consolidated statements of profit or loss were RMB3.2 million (HK$3.6 million) and the issue costs, which was recognized as prepayments and are expected to be deducted from equity upon the [**REDACTED**], were RMB[**REDACTED**] (HK$[**REDACTED**]). After the Track Record Period, approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high to our Group. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have been actively advancing the research and development of our product pipeline as planned, including our Core Product ABP-671 and key product ABP-745.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since June 30, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report as set out in Appendix I to this document, and up to the date of this document.

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

"Accountants' Report"	the accountants' report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of the Company adopted on September 12, 2025 which will become effective upon the [**REDACTED**] and as amended from time to time, a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Atom Australia"	Atom Therapeutics Pty Ltd, a company limited by shares established in Australia on June 26, 2020, and a wholly-owned subsidiary of our Company
"Atom U.S."	Atom Therapeutics America Inc, a stock corporation established in California, U.S. on September 29, 2023, and a wholly-owned subsidiary of our Company
"Atom Zhenjiang"	Zhenjiang Atom Biomedical Co., Ltd. (鎮江新元素生物醫藥有限公司), a limited liability company established in the PRC on September 21, 2020, and a wholly-owned subsidiary of our Company
"Atom Zhongchi"	Nanjing Atom Zhongchi Management Consulting Partnership (Limited Partnership) (南京元素眾持管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on January 7, 2021, and our employee incentive platform

"Audit Committee"	audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not include Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CMS"	China Medical System Holdings Limited (SEHK: 867; SGX: 8A8)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "Atom Therapeutics"	Atom Therapeutics Co., Ltd. (杭州新元素藥業股份有限公司), a limited liability company established in the PRC on March 9, 2012 and converted into a joint stock company with limited liability on May 28, 2025, and originally known as Zhenjiang Atom Therapeutics Co., Ltd. (鎮江新元素醫藥科技有限公司)

"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Compliance Advisor"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Conversion of Unlisted Shares into H Shares"	the conversion of 35,547,920 Unlisted Shares into H Shares on a one-for-one basis upon the completion of [**REDACTED**]. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [**REDACTED**] and an application for H Shares to be [**REDACTED**] on the Stock Exchange has been made to the [**REDACTED**]
"core connected person"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules; for the purpose of this document, our Core Product refers to ABP-671
"CSDC"	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"Dr. Shi"	Dr. Shi Dongfang (史東方), the chairperson of the Board, an executive Director, our chief executive officer and our Single Largest Shareholder
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time

"Employee Incentive Scheme"	the employee incentive scheme as adopted by our Company on October 21, 2022 and as amended from time to time, the principal terms of which are summarized in "Appendix VI — Statutory and General Information — D. Employee Incentive Scheme"
"EU"	European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FDA"	the United States Food and Drug Administration
"FIL"	Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document
	[**REDACTED**]
"Greater China"	the PRC, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan
"Group", "our Group", "our", "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)

"H Share(s)"	overseas [**REDACTED**] foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each, which are to be [**REDACTED**] and [**REDACTED**] in HK dollars, and for which an application to be [**REDACTED**] on the Stock Exchange has been made to the [**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars," "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"IASB"	International Accounting Standards Board
"IFRS"	the IFRS Accounting Standards as issued by the IASB, which comprise the IFRS Accounting Standards, International Accounting Standards, Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	September 9, 2025, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

"Listing Guide"	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
"NASDAQ"	the Nasdaq Stock Market in the United States

"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"Overseas Listing Trial Measures"	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行)
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Legal Advisors"	AllBright Law Offices, the legal advisors to our Company as to PRC Laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Pre-[**REDACTED**] Investment(s)"	the pre-[**REDACTED**] investment(s) in the Company undertaken by the Pre-[**REDACTED**] Investor(s) prior to the [**REDACTED**], details of which are set out in "History, Development and Corporate Structure"
"Pre-[**REDACTED**] Investor(s)"	the investor(s) making investments in our Group prior to the [**REDACTED**], details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"
	[**REDACTED**]
"R&D"	research and development
	[**REDACTED**]
"Remuneration and Appraisal Committee"	remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"SGX"	Singapore Exchange Limited
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Shareholder"	Dr. Shi
	[**REDACTED**]
"Sole Sponsor"	the sole sponsor as named in "Directors and Parties involved in the [**REDACTED**]"
	[**REDACTED**]
"Sophisticated Investor(s)"	has the meaning ascribed to it under Chapter 2.3 of the Listing Guide
"SSE"	Shanghai Stock Exchange
"STA"	the State Taxation Administration (中華人民共和國國家税務總局)
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)

"Stock Exchange," "Hong Kong Stock Exchange" or "SEHK"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"SZSE"	Shenzhen Stock Exchange
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"TGA"	Therapeutic Goods Administration
"Track Record Period"	the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"U.S. dollars," "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value added tax

[**REDACTED**]

[**REDACTED**]

"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this document in connection with our Group and our business. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Group.

"**%AUC_{ex}**"	percentage of $AUC_{0\text{-}inf}$ based on extrapolation
"**acute gout flare**"	a painful inflammatory arthritis caused by the crystallization of uric acid in joints, typically triggered by hyperuricemia
"**add-on**"	a drug that is added to a patient's existing standard treatment to achieve additional benefits. This new therapy augments an established therapy without replacing it. Different from combination therapies which typically refer to starting and using two or more drugs together, an add-on therapy is layered after an initial therapy has already been started
"**ADME**"	absorption, distribution, metabolism and excretion
"**AEs**"	adverse events
"**AESIs**"	adverse events of special interest, which are predefined, medically significant adverse events that are carefully monitored during clinical trials and post-marketing surveillance due to their potential association with a drug's mechanism, class effects, or known risks
"**AFib**"	atrial fibrillation
"**agonists**"	an agonist is an agent that activates a receptor to produce a biological response
"**AKD**"	acute kidney disease
"**analogue**"	a drug compound that is structurally similar to a reference drug but has modified chemical or biological properties

GLOSSARY OF TECHNICAL TERMS

"**APIs**"	active pharmaceutical ingredients, the biologically active component of a drug product responsible for its therapeutic effect
"**ASCVD**"	atherosclerotic cardiovascular disease
"**atherosclerosis**"	a chronic vascular disease characterized by the buildup of plaque in arterial walls, leading to reduced blood flow and increased risk of cardiovascular events
"**AUC**"	the area under the concentration curve
"**$AUC_{0\text{-}inf}$**"	the area under the concentration curve from time zero to infinity
"**AUC_{last}**"	the area under the concentration curve up to the last measurable concentration
"**BID**"	from Latin "bis in die", meaning twice a day
"**BLA**"	biologics license application
"**body mass index**"	a standardized measure of body fat calculated as weight (kg) divided by height squared (m^2)
"**CAD**"	coronary artery disease
"**CAGR**"	compound annual growth rate
"**CBC**"	complete blood count, a routine hematological test that evaluates key components of blood, including red blood cells, white blood cells, platelets, hemoglobin, and hematocrit
"**CDMO**"	contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"**CI**"	confidence interval, a statistical range that estimates the precision of a clinical or pharmacological measurement with a specified probability that the true value lies within the interval

"**CKD**"	chronic kidney disease
"**CL/F**"	apparent clearance of a drug
"**C_{max}**"	maximum observed plasma concentration, a pharmacokinetic parameter that measures the highest concentration of a drug in the blood, cerebrospinal fluid, or target organ after a dose is given
"**CMC**"	chemistry, manufacturing, and controls
"**CMO**"	contract manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services for drug manufacturing
"**cohorts**"	a group of participants as part of a clinical trial who share a common characteristic or experience within a defined period and who are monitored over time
"**comorbidity**"	a simultaneous presence of two or more diseases or medical conditions in a patient
"**COX-2**"	cyclooxygenase-2
"**CRO**"	contract research organization, an entity that provides outsourced research and development services to pharmaceutical, biotechnology, and medical device industries, supporting clinical trials and related activities
"**CRP**"	C-reactive protein
"**C_{trough}**"	a concentration reached by a drug immediately before the next dose is administrated
"**CV**"	cardiovascular
"**CVD**"	cardiovascular disease
"**CYP**"	cytochrome P450, a family of enzymes primarily found in liver cells that play a crucial role in metabolizing drugs, toxins, and other substances in the body
"**DDI**"	drug-drug interaction

"**double-blind**"	with respect to a clinical trial or study, one in which neither the participants nor the persons or entities conducting the study know who is receiving a particular treatment. This procedure is utilized to prevent bias in research results
"**ECG**"	electrocardiogram; a test that records the electrical activity of heart, including the rate and rhythm
"**eGFR**"	estimated glomerular filtration rate
"**E_{max}**"	maximal drug effect, refers to the peak response achieved by a drug, beyond which increasing the dosage does not result in further effects
"**EOP2**"	end-of-phase 2, a critical regulatory milestone marking the completion of Phase 2 clinical trials
"**FEUa**"	fractional excretion of uric acid
"**FTD**"	fast track designation, a regulatory incentive granted by the FDA to expedite the development and review of drugs that treat serious or life-threatening conditions and address unmet medical needs.
"**genetic predispositions**"	inherited genetic variations that increase an individual's susceptibility to certain diseases or influence their response to drugs
"**GI**"	gastrointestinal
"**GLP-1**"	glucagon-like peptide-1; a peptide hormone that decreases blood sugar levels in a glucose-dependent manner by enhancing the secretion of insulin
"**gout**"	a metabolic arthritis caused by hyperuricemia, leading to monosodium urate crystal deposition in joints and tissues, triggering acute inflammatory attacks and chronic joint damage
"**gouty arthritis**"	an acute inflammatory joint disease caused by the deposition of monosodium urate crystals in synovial fluid and periarticular tissues, resulting from chronic hyperuricemia

"**hERG**"	refers to the human ether-a-go-go-related gene, which encodes a potassium channel crucial for cardiac repolarization
"**hsCRP**"	high-sensitivity C-reactive protein, an inflammatory biomarker
"**hyperlipidemia**"	a metabolic disorder characterized by elevated levels of lipids in the blood
"**hyperuricemia**" or "**HUA**"	a metabolic condition defined by elevated serum uric acid levels
"**IL-1**"	interleukin-1, a master pro-inflammatory cytokine family comprising IL-1α and IL-1β
"**IL-1β**"	interleukin-1beta, a potent pro-inflammatory cytokine primarily secreted by activated macrophages and monocytes
"**IL-18**"	interleukin-18, a pro-inflammatory cytokine that belongs to the interleukin-1 family and plays a key role in innate and adaptive immunity, mainly by inducing interferon-γ production
"**IL-6**"	interleukin-6, a pleiotropic pro-inflammatory cytokine produced by immune cells
"**i.m.**"	intramuscular
"***in vivo***"	Latin for "within the living", studies in vivo are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done *in vitro*
"**IND**"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"**inflammasome**"	a multiprotein intracellular complex that activates pro-inflammatory cytokines in response to pathogens, cellular damage, or metabolic stress

"**inflammation**"	a protective biological response to tissue damage or infection, which serves to destroy, dilute, or wall off both the injurious agent and the injured tissues
"**inhibitor**"	a chemical or substance added or applied to another substance to slow down a reaction or to prevent an unwanted chemical change
"**LDL-C**"	low-density lipoprotein cholesterol, a type of cholesterol carried by low-density lipoproteins in the blood, high levels of which can lead to plaque buildup in arteries and increase cardiovascular risk
"**mAb**"	monoclonal antibody
"**MAD**"	multiple ascending doses, a type of clinical study designed to evaluate a drug after administering multiple doses over a specific period
"**MASH**"	metabolic dysfunction-associated steatohepatitis, liver inflammation and damage caused by accumulation of fat in the liver
"**mechanism of action**"	the specific biochemical interaction through which a drug substance produces its pharmacological effect
"**mITT**"	modified intent-to-treat population
"**monotherapy**"	therapy that uses a single drug to treat a disease or condition
"**MRCT**"	multiregional clinical trial, a globally coordinated clinical study conducted across multiple countries/regions to evaluate a drug's efficacy, safety, and dosage in diverse populations
"**MTD**"	maximum tolerated dose, the highest drug dose that does not cause unacceptable adverse effects in patients or trial subjects
"**multicenter**"	a study conducted across multiple investigational sites to evaluate a drug's safety and efficacy in a broader, more diverse patient population

GLOSSARY OF TECHNICAL TERMS

"**NAG**"	N-acetyl-β-D-glucosaminidase
"**NALP3**"	NACHT, LRR, and PYD domains-containing protein 3
"**NDA**"	new drug application
"**nephrolithiasis**"	the formation of crystalline calculi (stones) in the kidneys or urinary tract
"**NLRP3**"	NOD-, LRR- and Pyrin Domain-Containing Protein 3
"**NOAEL**"	no observed adverse effect level, the highest tested dose of a drug or chemical at which no statistically or biologically significant adverse effects are observed in preclinical studies
"**nonalcoholic steatohepatitis**"	an advanced form of nonalcoholic fatty liver disease characterized by fat accumulation in liver, inflammation and fibrosis
"**NPC1L1**"	Niemann-Pick C1-like 1, an intestinal cholesterol transporter protein responsible for dietary cholesterol absorption
"**NSAIDs**"	nonsteroidal anti-inflammatory drugs
"**OAT4**"	organic anion transporter 4
"**ODD**"	orphan drug designation
"**osteoporosis**"	a systemic skeletal disorder characterized by low bone mass and microarchitectural deterioration, leading to increased fracture risk
"**PAD**"	peripheral artery disease, circulatory condition characterized by narrowed arteries
"**PCSK9**"	proprotein convertase subtilisin/kexin Type 9
"**PD**"	pharmacodynamics, the study of a drug's molecular, biochemical, and physiologic effects or actions

"**Phase 1 clinical trial**"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"**Phase 2 clinical trial**"	a study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"**Phase 3 clinical trial**"	a study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"**phospholipase A2**"	phosphatide 2-acylhydrolase
"**PI**"	principal investigator, the lead researcher responsible for the design, conduct, and oversight of a clinical trial
"**PK**"	pharmacokinetics, a measurement of how fast and how completely the drug is absorbed into animal or human body, and the distribution, metabolism, and excretion of drugs in animal or human body
"**placebo**"	a medical treatment or preparation with no specific pharmacological activity
"**PopPK**"	population pharmacokinetic
"**preclinical study**"	a study testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"**pro-inflammatory**"	the biological processes that promote inflammation
"**QD**"	from Latin "quaque die", meaning once daily
"**QQL**"	quality of life

GLOSSARY OF TECHNICAL TERMS

"**$RA_{AUC\tau}$**"	an observed accumulation ratio based on AUC_{τ}
"**RAC_{max}**"	an observed accumulation ratio based on C_{max}
"**rare disease**"	a rare disease is defined by FDA as a condition affecting less than 200,000 people
"**recombinant uricase**"	an engineered urate oxidase enzyme that converts uric acid into allantoin (a highly soluble metabolite), enabling rapid urate depletion in treatment-refractory gout
"**refractory gout**"	a severe, treatment-resistant form of gout characterized by persistent hyperuricemia, chronic tophi, recurrent flares and intolerance to first-line therapies
"**s.c.**"	subcutaneous
"**SAD**"	single ascending doses, a clinical trial design used primarily to assess a drug by administering a single dose that gradually increases
"**SAEs**"	serious adverse events, any medical occurrence in human drug trials that, at any dose, results in death; is life-threatening; requires inpatient hospitalization or prolongs existing hospitalization; results in persistent or significant disability/incapacity; may cause a congenital anomaly/birth defect; or requires intervention to prevent permanent impairment or damage
"**SAID**"	steroidal anti-inflammatory drug
"**SAR**"	structure-activity relationship
"**SD**"	standard deviation
"**sUA**"	serum uric acid
"**$t_{1/2}$**"	half-life, the time required for the concentration to fall to 50% of its peak value
"**T2DM**"	Type 2 Diabetes Mellitus

GLOSSARY OF TECHNICAL TERMS

"**TEAEs**"	treatment-emergent adverse event, either an adverse event with onset after the initiation of the study medication or an adverse event with onset before study medication that worsened in severity after the initiation of study medication
"**tE_{max}**"	time taken for a drug to achieve its maximum pharmacological effect (E_{max}) after administration
"**T_{max}**"	time of maximum concentration, the time point after administration of a drug at which the highest concentration of the drug is observed in the bloodstream or target tissue
"**TNF-α**"	tumor necrosis factor-alpha, a cytokine that plays a central role in inflammation and immune responses
"**tolerability**"	an extent to which a patient can endure the negative effects of a drug or treatment without experiencing significant discomfort or adverse reactions
"**tophaceous gout**"	a chronic form of gout characterized by the deposition of urate crystal aggregates, called tophi, in joints, soft tissues, or bones
"**tophus**"	a chronic, granulomatous deposit of monosodium urate crystals in joints, soft tissues, or bones
"**TRA**"	total radioactivity, the sum of all radio-labeled drug-related material measured in biological samples
"**UA**"	uric acid, a natural waste product formed from the breakdown of purines, commonly measured in the blood, and elevated levels are closely linked to hyperuricemia and gout
"**ULT**"	urate-lowering therapy
"**URAT1**"	urate transporter 1
"**uric acid episodes**"	referred to as gout attacks, are sudden, painful flare-ups caused by a buildup of uric acid in the joints

"uricase"	also known as urate oxidase, an enzyme that catalyzes the oxidation of uric acid into allantoin, a more water-soluble compound that is more easily excreted in urine
"**uricosuric agents**"	a class of drugs that lower serum uric acid by inhibiting renal urate reabsorption
"**VAS**"	visual analogue scale
"**V_d/F**"	apparent volume of distribution
"**V_z/F**"	Apparent volume of distribution during the terminal phase after non-intravenous administration
"**XO**"	xanthine oxidase
"**λ_z**"	apparent terminal elimination rate constant, represents the fraction of medication eliminated per unit time
"**IC_{50}**"	half-inhibitory concentration

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "aspire," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "schedule," "seek," "should," "target," "vision," "will," "would," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in "Risk Factors" and elsewhere in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate, including but not limited to interest rates, foreign exchange rates;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain relationship with, and the actions and developments affecting, our major business partners, suppliers and future customers;
- our ability to maintain the market leading positions and the actions and developments of our competitors;
- our ability to effectively control costs and operating expenses;
- the ability of business partners to perform in accordance with contractual terms and specifications;

- our ability to retain senior management and key personnel and recruit qualified staff;

- our business strategies and plans to achieve these strategies, including our drug development plans, commercialization strategies and geographic expansion plans; and

- all other risks and uncertainties described in "Risk Factors."

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this document.

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

An* [REDACTED] *in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an* [REDACTED] *in our H Shares. The following is a description of what we consider to be our material risks.

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

RISKS RELATING TO THE DEVELOPMENT OF OUR DRUG CANDIDATES

Our business and prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business and prospects could be materially and adversely affected.

Our future revenue and profitability are substantially dependent on our ability to complete the development of our drug candidates, obtain requisite regulatory approvals and successfully commercialize our drug candidates. We have invested a significant portion of our efforts and capital resources in the development of our existing drug candidates, and we expect to incur substantial and increasing expenditures for the development and commercialization of our drug candidates in the future.

The success of our drug candidates will depend on a number of factors, including but not limited to the following:

- favorable safety and efficacy data from our preclinical studies and clinical trials;
- sufficient resources to discover or acquire additional drug candidates and successful identification of potential drug candidates through our research, business development, or search processes;
- successful enrollment of patients in, and completion of, clinical trials;
- sufficient supplies of drug products that are used in our clinical trials;
- modifications to the protocols, which may delay the clinical program, regulatory approvals or commercialization, and require us to supplement, modify, or withdraw and refile our applications for regulatory approvals;

- the performance by CROs, CDMO partners, or other third parties we engage to conduct clinical trials and preclinical studies and their compliance with our protocols and applicable laws without damaging or compromising the integrity of the resulting data;

- the capabilities and competence of our collaborators;

- the success of clinical trials conducted by, or jointly with, our collaborators;

- receipt of regulatory approvals for planned clinical trials or drug registrations, manufacturing and commercialization;

- commercial manufacturing capabilities, including through the CDMO partners we engage;

- successful launch of commercial sales of our drug candidates, if and when approved;

- the obtaining and maintenance of favorable reimbursement from third-party payers for drugs, if and when approved;

- competition with other drug products;

- the obtaining, maintenance and enforcement of patents, trademarks, trade secrets and other intellectual property protections and regulatory exclusivity for our drug candidates;

- successful defense against any claims brought by third parties that we have infringed upon, misappropriated or otherwise violated any intellectual property of any such third party; and

- the continued acceptable safety profile of our drug candidates following regulatory approval.

As of the Latest Practicable Date, all of our drug candidates were in various phases of preclinical and clinical development. If we fail to achieve drug development milestones as planned or expected, our business prospects could be materially and adversely affected. Our costs will also increase if we experience delays in the development of drug candidates or in obtaining regulatory approvals, which could result in a delay or suspension of the trial until sufficient funding is procured, if not the complete discontinuation of the drug candidate's development. In addition, significant preclinical study or clinical trial delays could allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our drug candidates. Any of the above negative developments could have a material and adverse effect on our business, financial condition and results of operations.

We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

The biopharmaceutical industry in which we operate is intensely competitive and subject to rapid and significant technological changes. While we focus on developing drug candidates with the potential to become novel or highly differentiated drugs, we continue to face competition with respect to our current drug candidates, and any drug candidates that we may seek to develop or commercialize in the future. For instance, our Core Product, ABP-671, and other pipeline products may face competition from existing drugs or drug candidates targeting gout, hyperuricemia and other relevant diseases.

Our competitors mainly include large multinational pharmaceutical companies, well-established biopharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies worldwide. Potential competitors also include academic institutions, governmental authorities and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. Our competitors may have commercialized, are currently commercializing, or are actively developing drugs that target the same indications as our drug candidates. Some of these competitive drugs and therapies are based on scientific approaches that are similar to our approach. For details, see "Business — Competition." We cannot guarantee that we will be able to effectively compete with our competitors. Many of our competitors have substantially greater financial, technical and other resources, such as more advanced commercial infrastructure, more drug candidates in late-stage clinical development, more seasoned research and development staff and better-established marketing and manufacturing teams than us. Collaborations, mergers and acquisitions in the pharmaceutical industry may result in even more resources being concentrated in our competitors. As a result, our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or achieve better acceptance in the markets in which we operate or have established a competitive position. Even if successfully developed and subsequently approved by the NMPA, the FDA, the TGA or other comparable regulatory authorities, our drugs may still face competition in various aspects, including safety and efficacy, the timing and scope of the regulatory approvals, the availability and cost of supply, sales and marketing capabilities, price and patent status.

Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in the industry. Our competitors may succeed in developing, acquiring, or licensing on an exclusive basis, products that are more effective or less costly than any drug candidate that we may develop, or achieve earlier patent protection, regulatory approval, product commercialization, and market penetration than we do. To compete with an approved product, we must demonstrate compelling advantages in efficacy, safety or other aspects in order to overcome price

competition and to be commercially successful. Furthermore, disruptive technologies and medical breakthroughs may further intensify the competition and render our drug candidates uneconomical or obsolete, and we may not be successful in marketing our drug candidates against competitors.

Clinical development involves a lengthy and expensive process with uncertain outcomes, and results of preclinical studies and early phases of clinical trials may not be predictive of future trial results.

Clinical development is expensive and can take many years to complete, and its outcome is inherently uncertain. For details of our pipeline and clinical development of our drug candidates, see "Business — Our Product Pipeline." We may encounter unexpected difficulties while executing our drug development plans for such drug candidates and our current and future drug candidates are susceptible to the risks of failure inherent at any stage of drug development, which could result in a material and adverse effect on our business, financial condition and results of operations. For instance:

- regulators, ethics committees, or other designated review bodies may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including negative results or a finding that participants are being exposed to unacceptable health and safety risks;

- we may not be able to reach agreements on acceptable terms with prospective CROs and hospitals as trial centers, the terms of which can be subject to extensive negotiation;

- we may encounter various manufacturing issues, including inability to reach agreements on acceptable terms with CDMO partners, problems with quality control, or ensuring sufficient quantities of our drug candidates for use in a clinical trial;

- subject enrolment may be insufficient or slower than we anticipate, or subjects may drop out at a higher rate than anticipated;

- patent disputes or the failure to secure patents or other intellectual property protection for our drug candidates may affect the drug development process; and

- our drug candidates may cause adverse events and undesirable side effects, among other unexpected characteristics, which could result in a suspension or termination of an ongoing trial.

Furthermore, the results of preclinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates during later stages of clinical trials may fail to show the desired results in safety and efficacy despite having progressed through preclinical studies and initial clinical trials, and despite the level of scientific rigor in the design of such studies and trials and the adequacy of their execution. In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including differences in the size and demographics of the enrolled patients, conditions of the individual subjects and their adherence to the treatment regimen and other compounding factors, such as other medications or pre-existing medical conditions. Differences in the number of clinical trial sites and regions involved may also lead to variability between clinical trials.

Many companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or safety profiles, notwithstanding promising results at an earlier stage. We cannot guarantee that the results from our future research and development efforts will be favorable based on currently available clinical and preclinical data. Unfavorable results could lead to delays in the completion of clinical trials, regulatory approvals and commencement of commercialization of our drug candidates.

If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

Before obtaining regulatory approvals for the commercialization of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. If the results of the clinical trials of our drug candidates are not positive or only modestly positive for proposed indications, or if they raise safety concerns, any or some of the following could occur:

- regulatory approvals for our drug candidates would be delayed or denied;
- we may be required to conduct additional clinical trials or other testing of our drug candidates beyond our current development plan;
- we may be required to add labeling statements, such as a "boxed" warning or a contraindication;
- we may be required to create a medication guide outlining the risks of the adverse effects for distribution to patients;
- we may be required to establish and implement a risk evaluation and mitigation strategy program, including medication guides, doctor communication plans and other risk management tools with restricted distribution methods and patient registries;

- we may not be able to obtain regulatory approvals for some or all the proposed indications as intended;

- we may be subject to restrictions on how the drug is distributed or used;

- we may be sued or held liable for injury caused to individuals exposed to or taking our drug candidates;

- we may be unable to obtain reimbursement for use of the drug; or

- conditional regulatory approval of our drug candidates may require us to conduct confirmatory studies to verify the predicted clinical benefit and additional safety studies. The results from such studies may not support the clinical benefit, which would result in the approval being withdrawn.

If our drug candidates ultimately fail to receive regulatory approvals due to unsatisfactory clinical trial results, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may not be able to identify, discover or develop new drug candidates, or to expand the therapeutic opportunities for our drug candidates.

Besides the continued clinical testing, potential approvals and commercialization of our existing drug candidates, the success of our business depends in part upon our ability to discover or identify additional drug candidates. There can be no assurance that we will be successful in identifying new drug candidates in the future. Moreover, some drug candidates may be technically challenging to develop and manufacture. Drug candidates that we identify may later show side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approvals. We may pursue collaboration with third parties in the discovery and development of potential drug candidates. However, there can be no assurance that such license and collaboration will deliver the expected results. In addition, while we may seek to expand the indications of our existing drug candidates, such efforts may not be successful.

Research programs to identify new drug candidates and to develop our drug candidates for additional indications require substantial technical, financial, and human resources. We may invest efforts and resources in potential drug candidates or indication expansions that ultimately prove to be unsuccessful. Any of the foregoing events could have a material and adverse effect on our business, results of operations and prospects.

We may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications that may later prove to be more profitable or for which there is a greater likelihood of success.

As we have limited financial and managerial resources, we focus on research programs and drug candidates for specific indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that later may prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Furthermore, if we fail to accurately assess the commercial potential or target market of a particular drug candidate, we may inadvertently relinquish valuable rights to that drug candidate through licensing, collaboration or royalty arrangements, while it may have been more beneficial to retain sole development and commercialization rights to such drug candidate. Conversely, we may allocate significant internal resources to a drug candidate in a therapeutic area in which a partnership would have been more advantageous. Either scenario could materially and adversely affect our future growth and prospects.

Adverse events or undesirable side effects caused by our drug candidates could interrupt or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an intended label, or result in significant negative consequences following any regulatory approval.

Adverse events ("**AEs")** and undesirable side effects caused by our drug candidates could cause us or regulatory authorities to interrupt or halt clinical trials and may result in a narrowed scope of indications, a more restrictive label, a delay or denial of regulatory approval by the NMPA, the FDA, the TGA or other comparable regulatory authorities, or a significant change in our clinical protocol or even our development plan. Results of trials conducted by us or by our collaboration partners with respect to our drug candidates could reveal a high and unacceptable severity or prevalence of certain AEs. In such an event, such trials could be suspended or terminated and the NMPA, the FDA, the TGA or other comparable regulatory authorities could order us or our collaboration partners, as applicable, to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. AEs related to our drug candidates may also affect subject recruitment or the ability of enrolled subjects to complete the trial, and could result in potential liability claims. Any of these occurrences may significantly harm our reputation, business, financial condition and prospects.

Additionally, if we, our collaboration partners, or others identify undesirable side effects caused by our drug candidates after they receive regulatory approval, this may lead to potentially significant negative consequences which include, but are not limited to, the following:

- regulatory authorities may withdraw their approvals of or revoke the licenses for the drug candidate;

- we, or our collaboration partners, may have to suspend marketing of the drug candidate;

- regulatory authorities may require additional warnings on the label;

- the NMPA, the FDA, the TGA or a comparable regulatory authority may require the establishment and implementation of a risk evaluation and mitigation strategy program, or similar strategy that may, for instance, restrict distribution of our drugs and impose burdensome implementation requirements on us;

- we, or our collaboration partners, may be required to conduct specific post-marketing studies;

- we could become subject to litigation proceedings and held liable for harm caused to subjects or patients; and

- our reputation may suffer.

Further, combination therapy using our drug candidates together with third-party agents may involve unique AEs that could be exacerbated compared with AEs from monotherapies. Any of these events could prevent us or our collaboration partners, as applicable, from achieving or maintaining market acceptance of any particular drug candidate that is approved and could significantly harm our business, financial condition, results of operations and prospects.

If we encounter delays or difficulties enrolling subjects in our clinical trials, our clinical development progress could be delayed or otherwise adversely affected.

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible subjects to participate in these trials, or if there are delays in the enrollment of eligible subjects as a result of the competitive clinical enrollment environment. The inability to enroll a sufficient number of subjects who meet the applicable criteria set out in the protocol could result in significant delays in our clinical trials. In addition, some of our competitors may have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and subjects who would otherwise be eligible for our clinical trials may instead enroll in the clinical trials of our competitors' drug candidates, which may further delay our clinical trial enrollments.

Enrollment challenges may be particularly pronounced in clinical trials targeting rare diseases, such as those associated with our key product, ABP-745, in targeting rare inflammatory conditions. By definition, rare diseases affect a small patient population, which inherently limits the pool of eligible subjects available for enrollment. Such scarcity can be further exacerbated by geographic dispersion of patients, lack of disease awareness or diagnosis, and the existence of competing trials targeting the same rare indications. As a result, we may face significant difficulties in identifying and recruiting sufficient numbers of

qualified patients for rare disease trials. These challenges may lead to slower-than-anticipated enrollment, increased trial costs, prolonged development timelines, or the need to expand recruitment efforts to additional sites or countries, each of which may adversely affect the overall progress and success of our clinical development programs.

Subject enrollment for our clinical trials may be affected by a variety of factors, including but not limited to the following:

- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- severity of the disease under investigation;
- our resources to facilitate timely subject enrollment in clinical trials;
- patient referral practices of physicians;
- availability of competing therapies also undergoing clinical trials;
- our ability to obtain and maintain subject consents;
- our investigators' or clinical trial sites' efforts to screen and recruit eligible patients;
- proximity and availability of clinical trial sites for prospective patients; and
- occurrence of natural disasters, health epidemics, acts of war or other public events.

Even if we are able to enroll a sufficient number of subjects in our clinical trials, delays in subject enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could delay or prevent the completion of these trials and adversely affect our ability to advance the development of our drug candidates.

We have been conducting clinical trials for the same product candidate across multiple jurisdictions, which may expose us to regulatory inconsistencies, data integration challenges, compliance risks, and potential delays that could adversely affect our product development and commercialization prospects.

We have been conducting clinical trials for certain product candidates in multiple jurisdictions, including the PRC, the U.S. and Australia. While such multi-regional development strategies may enhance the global competitiveness of our pipeline, they also expose us to regulatory complexity and integration challenges.

The regulatory frameworks and clinical trial requirements differ significantly across these jurisdictions. For example, the NMPA, the FDA, the TGA or other comparable regulatory authorities may have different expectations regarding trial design, patient population, comparator arms, endpoints or statistical methodologies. In certain cases, data generated in one jurisdiction may not be fully accepted by regulators in another jurisdiction without bridging studies or additional local data. These differences may lead to longer development timelines, duplicated efforts, or increased development costs. In addition, we may face challenges in data integration and consistency, especially when clinical data are derived under different operational standards or Good Clinical Practice ("**GCP**") requirements. This may affect our ability to present a unified data package to regulators during new drug application ("**NDA**").

Conducting cross-border trials also increases our exposure to compliance and operational risks, such as those relating to data privacy and transfer, informed consent procedures, and local ethical approvals. For example, we are required to comply with Personal Information Protection Law of the PRC and relevant data export regulations, as well as the U.S. Data Security Program. Any non-compliance may lead to regulatory sanctions, delays in patient enrollment, or invalidated data. Moreover, coordinating multi-jurisdictional trials imposes operational burdens, including differences in investigator experience, site management efficiency, and patient recruitment capacity. Any disruption in one country could delay the overall trial progress, impact milestone achievement, and adversely affect our global registration strategy.

As such, our ongoing and planned MRCT may be subject to greater uncertainty, and any delay, suspension or failure in one or more jurisdictions may materially and adversely affect our research and development progress, regulatory approval timelines, and commercialization prospects.

Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these drug candidates on a timely basis or at all.

Some of our product candidates were in the pre-clinical development stage as of the Latest Practicable Date, and the risk of failure of pre-clinical programs is high. Before we can commence clinical trials for a product candidate, we must complete extensive pre-clinical studies on safety and efficacy of product candidates to obtain regulatory clearance to initiate clinical trials on humans. We cannot be certain of whether we will be able to timely complete our pre-clinical studies or generate results that are adequate to support the initiation of subsequent clinical trials. There is also no assurance that the NMPA, the FDA, the TGA or other comparable regulatory authorities will accept our proposed protocols for clinical programs. As a result, we cannot be sure that we will be able to submit IND applications or similar applications for our pre-clinical programs on the timelines we expect, or at all, and we cannot be sure that submission of IND applications or similar applications will result in the NMPA, the FDA, the TGA or other regulatory authorities allowing us to commence the contemplated clinical trials.

The data and information we gather or otherwise rely on in our research and development process could be inaccurate or incomplete, which could harm our trial results, reputation and prospects.

We collect, aggregate, process, and analyze data and information from preclinical studies, clinical trials and other research and development programs. We also engage in substantial information gathering following the identification of a potential drug candidate. Because data in the healthcare industry is often fragmented in origin, inconsistent in format, and incomplete, the overall quality of data collected or accessed is often subject to challenge, the degree or amount of data which is knowingly or unknowingly absent or omitted can be material, and data issues and errors are frequently discovered. If mistakes are made in the capture, input, or analysis of these data, our ability to advance the development of our drug candidates may be materially harmed and our business, prospects and reputation may suffer. We also engage in the procurement of regulatory approvals necessary for the development and commercialization of our products under development, for which we manage and submit data to governmental entities. These processes and submissions are governed by complex data processing and validation policies and regulations. We may be exposed to liability if it is concluded that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous.

In addition, we rely on third parties, including our collaborators, to collect, monitor and manage data for some of the ongoing preclinical and clinical programs for our drug candidates and have limited control over their activities. If there are any inaccuracies, mistakes or incompleteness in the preclinical and clinical data of any of our collaborators, our clinical development activities may be negatively impacted as a result.

We invest substantial human and capital resources in research and development to develop our drug candidates and enhance our technologies, but we cannot guarantee that such efforts will lead to successful outcomes.

The global biopharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. In 2023, 2024 and the six months ended June 30, 2025, our research and development expenses, which represented our costs and expenses in relation to R&D activities, were RMB176.5 million, RMB338.1 million and RMB73.8 million, accounting for 94.5%, 96.8% and 92.7% of our total operation expenses consisting of R&D expenses and administrative expenses, respectively. We intend to continue to strengthen our technical capabilities in the development of our drug candidates, which requires substantial capital and time. We cannot assure you that we will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, or obtain sufficient or any patent or other intellectual property protection for such new or enhanced products in a timely and cost-effective manner. Any failure to do so may render our previous efforts obsolete, which could significantly reduce the competitiveness of our technology platforms and drug candidates, and harm our business and prospects.

We may fail to sufficiently and promptly respond to rapid scientific and technological changes, clinical demand, and market changes in the pharmaceutical industry.

The pharmaceutical industry is characterized by rapid advancements in science and technology and the continuous emergence of new treatment options. Our future success depends on our ability to launch new products that meet evolving market demand, particularly new drugs that are effective in treating or diagnosing new diseases and illnesses. We cannot assure you that we will be able to respond to emerging or evolving trends by improving our product matrix, technology platforms, and R&D capabilities in a timely manner, or at all.

In addition, clinical demand for pharmaceutical products may change rapidly. Our success partly depends on our ability to anticipate product offering lead time and demand, identify clinical demand and customer preferences, and adapt our products accordingly. We may need to adjust our R&D plan, production scale and schedule, product matrix, and inventory levels in response to clinical demand, customer preferences, sales trends and other market conditions, after any of our pipeline products is commercialized. There can be no assurance that we will be able to sufficiently and promptly respond to changes in clinical demand and other market conditions in the future, and any such failure may have a material adverse effect on our business, financial condition, and results of operations.

Guidelines, recommendations, and studies published by various organizations could disfavor our drug candidates.

Government agencies, professional societies, practice management groups, private health and science foundations, and organizations focused on various diseases may publish guidelines, recommendations, or studies that affect our or our competitors' drugs and drug candidates. As of the Latest Practicable Date, we were not aware of unfavorable guidelines, recommendations, or studies published by various organizations in relation to our drug candidates. However, any such guidelines, recommendations, or studies that reflect negatively on our drug candidates, either directly or relative to our competitive drug candidates, could result in a potential decrease in the future use and/or sales of one or more of our drug candidates. Furthermore, our success depends in part on our ability to educate healthcare providers and patients about our drug candidates, and these education efforts could be rendered ineffective by, among other things, third parties' guidelines, recommendations, or studies.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR DRUG CANDIDATES

The future commercial success of our drug candidates will depend on the degree of their market acceptance among physicians, patients and others in the medical community.

Even if our drug candidates receive the requisite regulatory approval, they may fail to gain sufficient market acceptance by physicians, patients, medical institutions, pharmacies, third-party payers and other relevant parties in the medical community. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue we anticipate from future sales of our drugs and we may not become profitable in the future. The degree of market acceptance of our drug candidates, if and only when they are approved for commercial sale, will depend on a number of factors, including, but not limited to, the following:

- the clinical indications for which our drug candidates are approved;
- physicians' and patients' perception of our drug candidates as a safe and effective treatment;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or package insert requirements of the NMPA, FDA, the TGA or other comparable regulatory authorities;
- limitations or warnings contained in the labeling approved by the NMPA, FDA, the TGA or other comparable regulatory authorities;
- the timing of market introduction of our drug candidates, as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the amount of upfront costs or training required for physicians to administer our drug candidates;
- the availability of adequate coverage and reimbursement by government authorities;
- the willingness of patients to pay any out-of-pocket expenses in the absence of coverage and reimbursement by third-party payors and governmental authorities;

- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and

- the effectiveness of our sales and marketing efforts.

Even if our drugs achieve market acceptance in the future, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our drugs, are more cost-effective or render our drugs obsolete. Our failure to achieve or maintain market acceptance for our future approved drug candidates would materially and adversely affect our business, financial condition, results of operations and prospects.

The size of the potential market for our drug candidates is difficult to estimate and, if any of our assumptions are inaccurate, the actual markets for our current or future drug candidates may be smaller than our estimates.

Our projections of the number of patients who have the potential to benefit from treatment with our drug candidates are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, or market research and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these diseases. The number of patients may turn out to be fewer than expected. As a result, the potentially addressable patient population and market size for our drug candidates may be smaller than our estimates.

Furthermore, there is no guarantee that any of our drug candidates, even if approved, would be approved for the line of therapy we are aiming for. For indications with well-established standard of care therapies, the NMPA, the FDA, the TGA and other comparable regulatory authorities may approve new therapies initially only for later lines of therapy. While we may seek approval for our drug candidates as an early-line therapy for certain indications, there is no guarantee that they will be approved as such. As a result, even if we obtain market approval for our drug candidates, we may not achieve the anticipated market size and revenue unless such market approval is for the intended lines of therapy or for additional indications.

We have limited experience in launching and marketing drug candidates. If we fail to establish, expand and optimize an effective sales and distribution network for our drugs, our business could be adversely affected.

Our operations to date have been largely focused on developing our drug candidates, primarily undertaking preclinical studies and conducting clinical trials. Although members of our management have years of experience relating to marketing and commercialization, we have not yet demonstrated an ability to launch and commercialize any of our drug candidates. As a result, our ability to successfully commercialize our drug candidates may involve more inherent risks, take longer, and cost more than it would if we were a company with experience launching and marketing drug candidates.

We will have to compete with other biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities for any or all of our drug candidates, we will likely pursue collaborative arrangements for the sales and marketing of our drug candidates. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any future revenue we anticipate from sales of drug products will also depend upon the efforts of such third parties. We could have little or no control over the marketing and sales efforts of such third parties, and our future revenue from drug product sales may be lower than if we had commercialized our drug candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates.

There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators to successfully commercialize any product, and as a result, we may not be able to generate the level of revenue we anticipate from future sales of drug products.

Even if we are able to commercialize any approved drug candidates, reimbursement may be limited or unavailable in certain market segments for our drug candidates, and we may be subject to unfavorable pricing regulations, which could harm our business.

The regulations applicable to regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. We intend to seek approval to market our drug candidates in China, the U.S., Australia and other jurisdictions. In China, the pricing of certain drugs and biologics is subject to governmental regulation, which can take considerable time even after obtaining regulatory approval. Our ability to successfully commercialize any approved drug candidates will also depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities, commercial health insurers and other organizations.

A primary trend in the global healthcare industry is cost containment. Government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. In China, the Ministry of Human Resources and Social Security of China (the "**MOHRSS**"), together with other government authorities, review the inclusion or removal of drugs from the China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2024) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2024年)》), or the National Reimbursement Drug List (the "**NRDL**"), regularly, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs.

There can be no assurance that any of our future approved drug candidates will be included in the NRDL. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL, our anticipated revenue from future commercial sales would be highly dependent on patients' self-payment, which could make our products less competitive. Patients may choose other drugs with similar efficiency but lower price which have been included in the NRDL. Additionally, even if the MOHRSS or any of its local counterparts were to accept our application for the inclusion of products in the NRDL, our potential revenue from the future sales of these products could still decrease as a result of the significantly lowered prices we may be required to charge for our products to be included in the NRDL.

In the U.S., no uniform policy of coverage and reimbursement for drugs exists among third-party payers. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payer is a time-consuming and costly process that could require us to provide to each payer supporting scientific, clinical and cost-effectiveness data for the use of our future approved drugs on a payer-by-payer basis, with no assurance that coverage and adequate reimbursement will be obtained. Even if we obtain coverage for a given drug, the resulting reimbursement rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Additionally, third-party payers may not cover, or provide adequate reimbursement for, long-term follow-up evaluations required following the use of our future approved drug candidates. Patients are unlikely to use any of our future approved drug candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of the drugs.

We cannot be sure that reimbursement will be available for any approved drug candidates that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any approved drug candidates that we commercialize. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidates that we successfully develop.

There may also be significant delays in obtaining reimbursement for approved drug candidates, and reimbursement coverage may be more limited than the approved indications of the drug candidates by the NMPA, the FDA, the TGA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacturing, sale and distribution. Payment rates may vary according to the uses of the drugs and the clinical setting in which the drugs are used, may be based on payments allowed for lower-cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Our inability to promptly obtain reimbursement coverage at intended payment rates for our drug candidates and any new drug candidates that we develop could have a material adverse effect on our business, operating results, and financial condition.

If our collaboration with a third party for ABP-671 is unsuccessful or prematurely terminated, we may lose an important opportunity to access relevant markets, which could materially and adversely affect our business, financial condition, and results of operations.

We rely on a third party to commercialize ABP-671 for the treatment of gout and hyperuricemia in certain jurisdictions. For details, see "Business — Commercialization — Commercialization Arrangement with CMS on ABP-671." It also exposes us to a number of risks inherent in relying on an external party for the execution of critical commercialization activities.

Our ability to successfully commercialize ABP-671 in such markets depends on our partner's ability to effectively allocate resources, engage key stakeholders, comply with applicable laws and regulations, and achieve performance objectives. However, we have limited control over its day-to-day operations, and any failure by the partner to perform its obligations could result in delays in market entry, poor commercial uptake, or reputational harm.

In addition, such arrangement may be subject to early termination due to various reasons, such as failure to meet regulatory or development milestones, underperformance against agreed sales targets, disputes, or other operational or strategic considerations. If the collaboration is terminated, we may face significant disruption to our commercial plans, and may need to rebuild or replace the commercial infrastructure for the affected markets at considerable cost and time.

Furthermore, depending on the fulfillment of the arrangement, we may be exposed to financial consequences, such as the obligation to refund certain payments, or the inability to recognize expected milestone revenues. These outcomes could materially and adversely affect our cash flows and financial condition. If our collaboration is unsuccessful or terminated, it may result in the loss of a key opportunity to access important markets, delay our commercialization timeline, and negatively impact our overall business prospects.

Off-label use of our future marketed drug products could harm our business reputation, product brand and financial condition and expose us to liability.

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is the prescription of a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. Even though the NMPA, the FDA, the TGA and other comparable regulatory authorities (including jurisdictions where we have obtained IND approvals) actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that our product is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our products less effective or entirely ineffective and may cause adverse drug reactions or AEs. Any of these occurrences can create negative publicity and materially and adversely affect our business reputation, product

brand, business operations and financial condition. These occurrences may also expose us to liability and cause a delay in the progress of our clinical trials and may ultimately result in failure to obtain regulatory approval for our drug candidates.

RISKS RELATING TO DEPENDENCE ON THIRD PARTIES

We work with various third parties to develop our drug candidates. If these third parties fail to duly perform their contractual obligations or meet expected timelines, we may be unable to obtain regulatory approvals for, or commercialize, our drug candidates, and our business, financial condition and results of operations could be materially and adversely affected.

We have worked with and may continue to work with third parties on our ongoing preclinical and clinical programs. For example, we rely on CROs, clinical trial sites, consultants, and other third parties to monitor, support, and/or conduct preclinical studies and clinical trials of our drug candidates. We work with these parties to execute our preclinical studies and clinical trials, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocols, legal and regulatory requirements, and scientific standards, and our collaboration with the CROs does not relieve us of our regulatory responsibilities.

The CROs we engage may not always perform to our standards, may not produce results in a timely manner or may fail to perform at all. Notwithstanding the remedies available to us under our agreements with our CROs, we cannot control whether or not such CROs will devote sufficient time and resources to our ongoing clinical, nonclinical and preclinical programs. If we or any of our CROs fail to comply with the applicable GCP, GLP, cGMP or other regulatory requirements, the relevant data generated in our clinical trials may be deemed unreliable and the NMPA, the FDA, the TGA or other comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. There can be no assurance the regulatory authorities will determine that our clinical trials comply with all the applicable requirements. Failure to comply with these regulations may lead us to repeat preclinical studies and clinical trials, which would delay the regulatory approval process.

Similarly, if other third parties fail to meet expected deadlines, timely transfer to us any requisite information, 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 obtain, the clinical trials of our drug candidates may be compromised, delayed, prolonged, suspended or terminated, or our data may be rejected by the NMPA, the FDA, the TGA or other comparable regulatory authorities.

Because we rely on third parties, our internal capacity to perform these functions is limited. To the extent we are unable to identify and successfully manage the performance of third-party service providers in the future, our business may be adversely affected. In addition, the use of third-party service providers requires us to disclose our proprietary information or confidential information concerning the subjects enrolled in our clinical trials to these third parties, which could increase the risk that such information will be misappropriated. There can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material and adverse impact on our business, financial condition, results of operations and prospects.If any of our relationships with these third-party CROs terminates, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and nonclinical programs. If CROs fail to duly perform their contractual obligations or meet expected deadlines, if they need to be replaced, or if the quality or accuracy of the clinical data they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements, or for other reasons, our clinical trials may be extended, delayed, or terminated, and we may not be able to obtain regulatory approvals for, or successfully commercialize, our drug candidates. Switching or adding additional CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. Any of the foregoing events may cause cost increases, restrict our ability to generate revenue if our drug candidates are successfully launched, and have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our ability to generate revenue in the future is dependent on our ability to work effectively with collaborators to develop our drug candidates, including to obtain regulatory approvals. Our arrangements with collaborators is thus critical to the successful commercialization of our drug candidates. We rely on collaborators in various respects, including to undertake research and development programs and conduct clinical trials, assist with document preparation for the regulatory filings and approval, and to assist with our commercialization efforts. We have not full control, if any, over our collaborators, and therefore there can be no assurance that these third parties will adequately and timely perform all of their obligations under their agreements with us. If they fail to complete the remaining studies successfully, or at all, it could delay or adversely affect the obtaining of regulatory approvals. There can be no assurance of the satisfactory performance of any of our collaborators, and if any of our collaborators breaches or terminates their agreements with us, we may not be able to successfully commercialize the product, which could materially and adversely affect our business, financial condition, cash flows, and results of operations. In addition, we may rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately carried out and test data are not reliable, patients could be put at risk of serious harm, and regulatory authorities could place significant restrictions on us until deficiencies are remedied.

We rely on third parties to manufacture our drug products for clinical development. Our business could be harmed if these third parties fail to deliver required products or fail to do so at acceptable quality or price levels.

During the Track Record Period, we collaborated with CDMO partners to conduct and support our preclinical and clinical trials in line with industry practice. For details, see "Business — Chemistry, Manufacturing and Controls — Collaboration with CDMO Partners". Reliance on third-party CDMO partners exposes us to certain risks, including but not limited to the following:

- we may be unable to identify CDMO partners on acceptable terms or at all because the number of qualified CDMO partners is limited and the NMPA, the FDA, the TGA or other comparable regulatory authorities must evaluate and/or approve any CDMO partners as part of their regulatory oversight of our drug candidates;

- our CDMO partners may have limited capacity or limited manufacturing slots, which may affect the timeline for the production of drugs to support our clinical trials;

- our CDMO partners are subject to periodic inspections and other government regulations by regulatory authorities. We do not have full control over our CDMO partners' compliance with these regulations and requirements;

- our CDMO partners might be unable to timely manufacture for us or produce the quantity and quality required to meet our clinical and future commercial needs, if any;

- our CDMO partners may not be able to execute our manufacturing procedures and other logistical support requirements appropriately, or may otherwise fail to perform as agreed;

- our CDMO partners may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- our CDMO partners may infringe upon, misappropriate, or otherwise violate the patent, trade secrets, or other intellectual property rights of third parties;

- our CDMO partners could terminate their agreements with us;

- raw materials and products procured by certain CDMO partners may not be readily obtainable elsewhere; and

- natural or man-made disasters, labor disputes, unstable political environments and other events beyond our control may lead to interruption of the manufacturing process.

In addition, during the Track Record Period, we and our CDMO partners relied on third parties to supply certain raw materials and products used in our research and development and clinical trials. We expect to continue to rely on third parties to supply raw materials for the research, development and commercialization of our drug candidates. Any disruption in production or the inability of our suppliers or suppliers of our CDMO partners to provide adequate quantities to meet our or our CDMO partners' needs could impair our operations and the research and development of our drug candidates. Moreover, we expect our demand for such raw materials and products to increase as we expand our business scale and commercialize our drug candidates, but there is no assurance that current suppliers have the capacity to meet our demand.

The quality of the raw materials procured and drugs manufactured by CDMO partners for preclinical and clinical trials will depend significantly on the effectiveness of our quality control and quality assurance and that of our CDMO partners. We cannot assure you that these quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards or that our operating procedures will be complete or updated at all times. Any significant failure or deterioration of our quality control and quality assurance or standard operating procedures could render our products unsuitable for use, jeopardize our drug approvals or licenses and/or harm our market reputation and relationship with business partners. Any such developments may have a material and adverse effect on our business, financial condition and results of operations.

We have entered into collaboration with third parties in the commercialization of our drug candidates and may seek and enter into additional partnerships in the future. We may not realize the benefits of such partnerships as expected or fail to identify suitable business partners.

We may seek strategic partnerships or other collaborations, including entering into licensing arrangements with third parties that we believe will complement or augment our drug development, manufacturing and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. To date, we have entered into a collaboration agreement with CMS to commercialize ABP-671 for the treatment of gout and hyperuricemia in the Territory. For details, see "Business — Commercialization — Commercialization Arrangement with CMS on ABP-671."

Our results of operations have been, and may continue to be, affected by our collaboration and licensing arrangements. Collaboration and licensing agreements involving our drug candidates are subject to various risks, which may include the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;

- the collaboration and licensing agreements could be terminated upon a short notice, and our collaborators may elect to cease collaboration due to change in their strategic focus, potential acquisition of competitive drugs, availability of funding, or other external factors;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, discontinue a clinical trial, repeat or conduct new clinical trials, or require a new formulation of a drug candidate for clinical testing;

- the milestone payments and royalties under the agreements may be conditioned upon the achievements of certain regulatory, development and commercialization targets. We cannot guarantee that we will be able to receive the aggregate amount as set out in any collaboration and licensing agreements;

- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- disputes may arise between us and a collaborator that cause a delay or termination of the research, development or commercialization of our drug candidates, or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborators could independently develop, or develop with third parties, drugs that compete with our drug candidates or future drugs;

- collaborators may own or co-own intellectual property covering our drug candidates or future drugs that result from our collaborating with them, and in such cases, we would not have the exclusive right over such intellectual property; and

- the collaboration and licensing relationships may be affected by cross-border data transmission restrictions and geopolitical tensions, including trade policies and export controls.

For these and other reasons, we may not achieve the outcomes and synergies expected from any collaboration and licensing arrangements. Such collaboration and licensing arrangements are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. We may face operational and financial risks including increase in near- and long-term expenditures, exposure to unknown liabilities, disruption of our business and diversion of our management time and attention. Even if we achieve the expected benefits, we may not be able to do so within the anticipated time frame. In addition, any material and adverse changes to our relationships with our collaborating partners may have an impact on the technological and financial resources available to us under these collaboration and licensing arrangements, which may in turn affect our R&D activities and business operations.

We face significant competition in seeking appropriate strategic partners and the negotiation process can be time-consuming and complex. We may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because they may be deemed to be at too early of a stage of development for collaborative effort, and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a drug candidate, we may be required to relinquish some or all of the control over the future success of that drug candidate to the third party. The collaborators may also consider alternative drug candidates or technologies that may be available.

If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development, manufacturing or commercialization activities at our own expenses. If we elect to fund and undertake development, manufacturing or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. Even with existing collaboration agreements in place, we may not receive sufficient or timely reimbursement from our collaborators for development costs, or our collaborators may delay or withhold payments due to disputes over compliance with agreement terms or other factors.

Additionally, development costs may exceed our initial estimates or agreed reimbursement caps, requiring us to fund the excess amounts while any reimbursement disputes are being resolved, which could be prolonged and may not result in full recovery of our costs. These situations could strain our financial resources and potentially impair our ability to advance our development programs as planned. If we fail to enter into collaboration and licensing arrangements, face difficulties in securing adequate reimbursement from existing collaborators, or do not have sufficient funds or expertise to undertake the necessary development, manufacturing and commercialization activities, we may not be able to further develop our drug candidates or bring them to market and generate more product sales revenue, which would harm our business, financial condition, results of operations and prospects.

As a result, we cannot be certain that, following a collaboration and licensing arrangement, we will achieve the revenue or net income that justifies such transaction or such other benefits that caused us to enter into the arrangement. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

We depend on third parties to provide a stable and adequate supply of quality materials and products for our drug development and future commercial needs. Any interruptions of or significant price increases in such supply could adversely affect our business.

As of the Latest Practicable Date, we had not commercialized any drug candidates. As a result, we have limited experience in manufacturing drug products on a commercial scale, which is a complex process, in part due to strict regulatory requirements. We cannot assure you that issues relating to the manufacturing of our drug candidates will not occur in the future. We also face certain risks in relation to the CDMO partners we engage for manufacturing activities. We may rely on third parties to manufacture our drug products for clinical development and future commercial sales and to provide a stable and adequate supply of quality materials and products for our drug development and future commercialization needs. Our business could be harmed if these third parties suffer substantial disruption to supply chain and production facilities, encounter problems in manufacturing or fail to deliver sufficient quantities of product or at acceptable quality or price levels.

Issues may arise during the manufacturing process for reasons including: (i) equipment malfunction, (ii) failure to follow specific protocols and procedures, (iii) problems with raw materials, (iv) changes in manufacturing production sites or limits to manufacturing capacity due to regulatory requirements, (v) changes in the type of products produced, (vi) advances in manufacturing techniques, (vii) physical limitations that could inhibit continuous supply, and (viii) the occurrence of natural disasters.

If problems arise during the production process of certain future products, a batch or several related batches of such product may have to be discarded, which may cause production delays, cost increases, lost revenue and damage to customer relationships and our reputation. If problems are not discovered before the relevant products are released to the market, we may incur additional costs in connection with product recalls and product liability.

We relied on a limited number of suppliers and were dependent on our largest supplier during the Track Record Period.

During the Track Record Period, our purchases from our five largest suppliers in each year/period in aggregate amounted to RMB146.2 million, RMB287.7 million and RMB54.6 million, representing 86.0%, 87.5% and 77.9% of our total corresponding purchases in such period, respectively. Our purchases from the largest supplier in each year/period during the Track Record Period, which is a CRO headquartered in the U.S. we engaged for the conduct of our U.S. clinical trials, accounted for 44.6%, 56.8% and 54.7% of our total corresponding purchases, respectively. Our reliance on a limited number of suppliers, and in particular on a single largest supplier, exposes us to significant risks relating to supply continuity, pricing, quality and contractual disputes. If any of these key suppliers, especially our largest supplier, is unable or unwilling to continue to supply to us in a timely manner, experiences quality control issues, fails to comply with regulatory requirements, significantly increases prices or otherwise becomes unable to fulfill our supply needs, we may not be able to identify suitable

alternative suppliers or secure regulatory approvals for such suppliers in a timely and cost-effective manner, or at all. As a result, our business operations, R&D progress, financial condition and results of operations could be materially and adversely affected.

We may fail to effectively manage our network of distributors after our drug candidates are successfully launched. Actions taken by our distributors could materially and adversely affect our business, prospects and reputation.

To date, we have entered into a collaboration agreement with CMS pursuant to which we have granted CMS the exclusive right to commercialize ABP-671 in Mainland China, Hong Kong, and Macau for the treatment of gout and hyperuricemia. For other drug candidates, we may rely on third-party distributors to distribute our drug candidates upon their commercialization. Therefore, our ability to maintain and grow our business will in part depend on our ability to maintain an effective distribution channel that ensures the timely and effective delivery of our products to the relevant markets. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach the distribution agreements and the policies and measures we will put in place to manage their distribution. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

- breach of the distribution agreements or our policies and measures;
- failure to maintain the requisite licenses, permits or approvals, or failure to comply with applicable regulatory requirements when selling our products; or
- violation of anti-corruption, anti-bribery, competition or other laws and regulations of China or other jurisdictions.

Any potential violation or alleged violation by our future distributors of the distribution agreements, our policies or any applicable laws and regulations could expose us to liabilities and monetary damages, a decrease in the market value of our brand and an unfavorable public perception about the quality of our products, resulting in a material and adverse effect on our business, financial condition, results of operations and prospects.

Our relationships with certain principal investigators, key opinion leaders, physicians and other industry experts may affect the clinical development and future marketing of our products.

Our relationships with principal investigators, key opinion leaders ("**KOLs**"), physicians and other industry experts play an important role in our research and development and marketing activities. We have established extensive interaction channels with principal investigators, KOLs, physicians and experts to gain first-hand knowledge of unmet clinical needs and clinical practice trends, which is critical to our ability to develop market-responsive drugs. However, we cannot assure you that we will be able to maintain or strengthen our

clinical collaborations and relationships with principal investigators, KOLs, physicians and other industry experts, or that our efforts to maintain or strengthen such relationships will lead to the successful development and marketing of new products.

These industry participants may leave their roles, change their business or practice focus, or choose to no longer cooperate with us or cooperate with our competitors instead. Even if they continue to cooperate with us, their market insights and perceptions, which we take into account in our research and development process, may be inaccurate and lead us to develop products that do not have significant market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Industry participants may no longer want to collaborate with us or attend our conferences, and our marketing strategy may no longer be able to yield results that are commensurate to our efforts spent. If we are unable to develop and maintain our relationships with industry participants as anticipated, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to maintain effective quality control and quality assurance over our future drug products.

The quality of our future products after any product candidate obtains regulatory approval as well as drugs we use for research and development purposes depends and will depend significantly on the effectiveness of our quality control and quality assurance. That, in turn, depends on factors such as the production processes, the quality and reliability of equipment used, the capabilities of the CDMO partners we engage and our ability to ensure that they adhere to our quality control and quality assurance protocol. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards or that our standard operating procedures will be complete or updated at all times. Any significant failure or deterioration of our quality control and quality assurance protocol or standard operating procedures could render our products unsuitable for use, result in gaps in the audit of our processes, and/or harm our market reputation and relationship with business partners. Any such developments may have a material and adverse effect on our business, financial condition and results of operations.

Illegal and/or parallel imports and counterfeit pharmaceutical products may reduce demand for our future drugs and could have a negative impact on our reputation and business.

The illegal importation of competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drugs and, in turn, may adversely affect our sales and profitability in China, the U.S., Australia and other countries and regions where we may commercialize our products in the future. Illegal imports may continue to occur or even increase as the ability of patients and other customers to obtain these lower priced imports continues to grow. In addition, governmental authorities may expand consumers' ability to import lower priced

versions of our future approved products or competing products. Cross-border imports from lower-priced markets (which are known as parallel imports) into higher-priced markets could harm sales of our future drug products and exert commercial pressure on pricing within one or more markets. Any future legislation or regulations that increase consumer access to lower priced medicines could have a material adverse effect on our business.

Furthermore, certain products distributed or sold in the pharmaceutical market may be manufactured without proper licenses or approvals, or be fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The counterfeit pharmaceutical product control and enforcement system, particularly in developing markets, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products. Since counterfeit pharmaceutical products in many cases have similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits could quickly erode the demand for our drug candidates approved in the future. In addition, thefts of our inventory of our drug candidates or our drugs to be approved in the future at warehouses, plants or while in-transit could lead to our products being wrongfully stored and handled, and eventually sold through unauthorized channels. A patient who receives a counterfeit or unauthorized pharmaceutical product may be at risk for a number of dangerous health consequences, which potentially exposes us to product liability claims, government investigations, and other disputes and negative consequences. Our reputation and business could suffer harm as a result of counterfeit or unauthorized pharmaceutical products sold under our or our collaborators' brand name(s).

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We are a clinical-stage biotechnology company with a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We are a clinical stage biotechnology company with a limited operating history. Our operations to date have focused on establishing our intellectual property portfolio, conducting drug discovery, preclinical studies and clinical trials of our drug candidates, organizing and staffing our operations, business planning and raising capital. We have not yet demonstrated an ability to successfully obtain marketing approvals for, or commercialize, our drug candidates. To date, we have no products approved for commercial sale and have not generated any revenue from product sales.

Our limited operating history, particularly in light of the rapidly evolving drug research and development industry in which we operate and the changing regulatory and market environments we encounter, may make it difficult to evaluate our prospects for future performance. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history. We will encounter risks and

difficulties frequently experienced by early-stage companies in rapidly evolving fields as we seek to transition to a company capable of supporting commercial activities. If we do not address these risks and difficulties successfully, our business will suffer.

We have incurred net losses since our inception. We anticipate that we will continue to incur net losses for the foreseeable future and may never achieve or maintain profitability.

Investment in the development of biopharmaceutical products is highly uncertain as it entails substantial upfront expenditures and significant risks that a drug candidate may fail to demonstrate efficacy and safety to gain regulatory or marketing approvals or become commercially viable. We have not generated any revenue from commercial product sales to date, and we continue to incur significant research and development costs and other expenses related to our ongoing operations. As a result, we have incurred net losses in 2023, 2024 and the six months ended June 30, 2025 of RMB97.4 million, RMB434.1 million and RMB165.1 million, respectively.

Our net losses during the Track Record Period were primarily attributable to expenses incurred by our research and development activities, including those in relation to our preclinical studies and clinical trials. In 2023, 2024 and the six months ended June 30, 2025, our research and development expenses were RMB176.5 million, RMB338.1 million and RMB73.8 million, accounting for 94.5%, 96.8% and 92.7% of our total operation expenses consisting of R&D expenses and administrative expenses, respectively. Our ability to generate future revenue and achieve profitability depends significantly on our success in advancing these drug candidates into later stages of clinical development, and obtaining regulatory approvals for each drug candidate, which we may not be able to do in a timely manner or at all.

We expect to continue to incur net losses in the foreseeable future, and that these net losses may increase as we carry out certain activities relating to our development, including, but not limited to, the following:

- continue our ongoing and planned R&D activities;
- seek to discover, identify or develop additional drug candidates and further expand our product pipeline;
- continue to scale up our business to meet the requirements for our R&D activities, clinical trials and potential commercialization;
- hire additional drug discovery, clinical, quality control and administrative personnel;
- develop, maintain, expand and protect our intellectual property portfolio;

- seek regulatory approvals for any drug candidates that successfully complete clinical trials;

- establish sales, marketing and distribution infrastructure to commercialize any drug candidate for which we may obtain regulatory approval;

- expand our operations globally; and

- incur additional legal, accounting, investor relations, insurance and other expenses associated with operating as a public company following the completion of the [**REDACTED**].

The size of our future net losses will depend, among other factors, on the rate of the future growth of our expenses, our ability to generate revenues if our drug candidates are successfully launched, and the timing and amount of milestone payments and other payments that we receive from or pay to third parties. If any of our drug candidates fails during clinical trials or does not gain 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 business, financial condition and results of operation.

We incurred net operating cash outflows during the Track Record Period which may continue into the foreseeable future and expose us to liquidity risk.

We had cash used in operating activities of RMB191.6 million and RMB368.4 million in 2023 and 2024, respectively, primarily for our research and development activities. We incurred net current liabilities of RMB526.9 million, RMB963.8 million, RMB983.6 million as of December 31, 2023 and 2024 and June 30, 2025, respectively. We expect to continue experiencing net cash outflows from our operating activities in the future. For details, see "Financial Information — Liquidity and Capital Resources — Cash Flows."

Our forecast of the period of time through which our capital resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect.

If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates.

During the Track Record Period, we funded our operations primarily through proceeds from equity financing. We expect our expenses to increase significantly in connection with our ongoing business activities, particularly as we advance the clinical development of our clinical-stage drug candidates, continue the research and development of our preclinical stage drug candidates and initiate additional clinical trials of, and seek regulatory approval for, these and other future drug candidates. In addition, if we obtain regulatory approvals for any of our drug candidates, we may incur significant commercialization expenses relating to marketing, sales and distribution and post-approval commitments to continue monitoring the efficacy and safety data of our future products on the market. We may also incur expenses as we create additional infrastructure to support our operations as a public company. Accordingly, we may need to secure substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements or other sources.

We expect to fund our future operations primarily with existing cash and cash equivalents, revenue from our commercialization collaboration agreements, and [**REDACTED**] from the [**REDACTED**]. Upon the successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with income generated from sales of our commercialized drug products. Changes in our ability to fund our operations may affect our cash flow and results of operations. If we are unable to raise capital when needed or on acceptable terms, we could be forced to delay, limit, reduce or terminate our research and development programs or any future commercialization efforts.

We are exposed to risks in connection with the fair value change of financial assets at FVTPL.

During the Track Record Period, we invested in financial products which represent wealth management products and structured deposits with banks. Pursuant to the Guiding Opinions on Regulating the Asset Management Business of Financial Institution (《關於規範金融機構資產管理業務的指導意見》) promulgated by the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange on April 27, 2018, financial institutions selling wealth management products cannot guarantee the returns of principal and interest of such products. As a result, the returns of our investments in wealth management products were not guaranteed, and therefore were measured at fair value through profit or loss. Net changes in the fair value of our investments are recorded as our other income or losses, and therefore directly affect our results of operations.

We may continue to invest in wealth management products in the future when we believe that we have surplus cash on-hand and the potential investment returns are stable and attractive. However, we cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our results of operations.

Furthermore, the respective fair value is determined by applying certain valuation techniques. Key valuation assumptions used to determine the fair value of the financial assets are subject to various uncertainties. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial assets at FVTPL.

We have granted, and may continue to grant, certain awards under our employee incentive scheme, which may result in increased share-based compensation expenses.

We have adopted our employee incentive scheme for the purpose of granting share-based compensation awards to management members and core technical and operational personnels to incentivize their performance and align their interests with ours. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the arrangements under our currently effective employee stock option plans from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges in the reporting periods following the [**REDACTED**].

We benefit from certain preferential tax treatments and government grants, the expiration of or changes to which could adversely affect our profitability.

We have historically received various government subsidies, including subsidies from different local governmental authorities to support the research and development for our drug candidates. We recognized government grants as other income of RMB4.4 million, RMB1.4 million and nil in 2023, 2024 and the six months ended June 30, 2025, respectively. There is no assurance that we could continue to enjoy or maintain financial incentives or government subsidies at the historical levels, or at all, or apply for new financial incentives or government subsidies. Any change, suspension or termination of these government subsidies, or government financial incentives in other forms, may have a negative impact on our business, financial condition and results of operations.

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

The Renminbi has fluctuated against the Hong Kong dollar and the U.S. dollar, at times significantly and unpredictably. For the years ended December 31, 2023 and 2024, we recorded net foreign exchange gains of RMB2.6 million and RMB0.9 million and recorded net foreign exchange losses of RMB0.4 million for the six months ended June 30, 2025. There is no assurance that we will continue to incur foreign exchange gains in the future or our foreign exchange losses will not incur in the future. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in political and economic conditions and by foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and U.S. dollar in the future.

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

Disruptions in the financial markets and economic conditions could affect our ability to raise capital.

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis, as well as a variety of other factors, including, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments had taken actions in an attempt to address and rectify these market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms.

In addition, concerns over the trade tensions among major economies in the world, recent conflicts in the Middle East, Russian-Ukraine conflicts, and unrest and terrorist threats in other territories, among others, add uncertainties to the financial markets worldwide. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

RISKS RELATING TO INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize our products may be adversely affected.

Our commercial success depends, to a certain extent, on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the drug candidates and technology that we consider commercially important primarily by filing patent applications in China, the U.S., Australia and other countries or regions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we or our business partners may not be able to file and prosecute all necessary or desirable patent applications and secure other intellectual property protection in all jurisdictions in a timely manner. It is also possible that we or our business partners will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, we or our business partners may fail to timely identify third-party infringement of our intellectual property rights and take necessary actions to defend and enforce our rights, or at all.

The patent position of biopharmaceutical companies generally involves complex legal and factual questions, and can be frequently litigated. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our current and future patent applications may not be granted with approvals that effectively prevent third parties from commercializing competitive technologies and drug candidates. The patent examination process may require us or our business partners to narrow the scope of our or our business partners' current and future patent applications, which may then limit the scope of patent protection that could be obtained. There can be no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent application from being issued as a patent. Moreover, if there are material defects in the form or preparation of our patents or patent applications, such patents or applications may be invalid and unenforceable.

Even if patents are issued on these applications, there can be no assurance that a third party will not challenge their validity, enforceability, or scope, which may result in the patent claims being narrowed or invalidated, or that we will obtain sufficient claim scope in those patents to prevent a third party from competing successfully with our drug candidates, or that we may not be successful in preventing unfair competition by third parties throughout the world. We or our business partners may become involved in interference, inter partes review, post-grant review, ex parte reexamination, derivation, opposition or similar other proceedings challenging our patent rights or the patent rights of others. An adverse determination in any such proceeding could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or drug candidates and compete directly with us, or result in

our inability to commercialize drug candidates without infringing upon third-party patent rights. Thus, even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage.

The issuance of a patent is not conclusive as to its scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in any jurisdictions. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and drug candidates, or limit the duration of the patent protection of our technology and drug candidates. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing drug candidates similar or identical to ours. Our competitors may also be able to circumvent our patent issuance by developing similar or alternative technologies or drug candidates in a non-infringing manner.

Filing, prosecuting, maintaining and defending patents on drug candidates in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in some countries can have a different scope and strength than do those in some other countries. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of certain other countries. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us.

Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing drugs made using our inventions in and into certain jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to certain jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in certain other countries. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the China National Intellectual Property Administration (the "**CNIPA**"), the United States Patent and Trademark Office (the "**USPTO**"), IP Australia and other applicable patent authorities over the lifetime of a patent. The applicable patent authorities require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. While an inadvertent failure to make payment of such fees or to comply with such provisions 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 such non-compliance will result in the abandonment or lapse of the patent or patent application, and the 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, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents within prescribed time limits. If we or our collaboration partners fail to maintain the patents and patent applications covering our drug candidates or if we or our collaboration partners otherwise allow our patents or patent applications to be abandoned or lapse, our competitors might be able to enter the market, which would hurt our competitive position and could impair our ability to successfully commercialize our drug candidates in any indication for which they are approved. In addition, according to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**PRC Patent Law**") and related regulations, if we enter into in-license arrangements with collaboration partners, we and our collaboration partners shall file the patent license agreements with the CNIPA within three months after the effective date thereof, otherwise we may lose our exclusive right to use our any in-licensed patents if the licensor grants a bona fide third party a right to use the patent. Before such filings become effective, we may not be able to protect ourselves against challenges brought by bona fide third parties to whom the licensors may, for any reason, grant a right to use the same patents we have in-licensed.

If our patent terms expire before or soon after our drug candidates are approved, or if competitors successfully challenge our patents, our business may be materially harmed. Lack of protection under the applicable patent linkage and patent term extension laws and regulations could increase the risk of early generic competition.

Patents have a limited duration. Depending on the jurisdiction, various extensions may be available, but the life of a patent, and the protection it affords, is limited. For example, the duration of a patent is generally 20 years from the date of application for inventions in China and generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority in the U.S. Even if patents covering our drug candidates, their manufacture, or use are obtained, once the patent life has expired, we may be open to competition from competitive medications. Given the amount of time required for the

development, testing and regulatory review of new drug candidates, patents protecting such drug candidates could expire before or shortly after such drug 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.

In the context of co-ownership of patents, certain risks may arise. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Even if we believe that we are eligible for certain patent term extensions, there can be no assurance that the applicable authorities will agree with our assessment of whether such extensions are available, and such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. For example, depending upon the timing, duration and specifics of any FDA marketing approval of any drug candidates we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Action of 1984, or Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent extension term of up to five years as compensation for the patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it, may be extended. Similarly, the amendment to the PRC Patent Law which was promulgated in October 2020 introduces patent extensions to patents of new drugs that launched in the PRC, which may enable the patent owner to submit applications for a patent term extension of up to a maximum length of five years, and after the new drug is approved for marketing, the total effective term of the patent shall not exceed 14 years. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements.

Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner than we expect. Also, the scope of our right to exclude during any patent term extension period may be limited or may not cover a competitor's product or product use. As a result, our future revenue from applicable drug candidates, if approved, could be reduced, possibly materially.

Manufacturers of generic drugs may challenge the scope, validity, or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. 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 materially and adversely affected. On the other hand, if we launch our drug candidates prior to the expiration of patents for any competing products, we may face potential claims for patent infringement.

We may not be able to protect intellectual property rights, or prevent unfair competition by third parties, throughout the world.

The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to pharmaceutical products, which could make it difficult in those jurisdictions for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us.

We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

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

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks, and may not be registered in all the necessary or desirable jurisdictions and categories in which we intend to sell our future products or provide our future services. Our trademarks may not be approved by one or more governmental trademark offices or may not be approved for use on our products or services by regulatory authorities. We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. At times, competitors 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.

If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, and our business may be adversely affected. In the future, we may license our trademarks and trade names to third parties, such as business partners and collaborators. Though these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and trade names by our licensees may jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names.

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 secret and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. If we rely on third parties to manufacture or commercialize our current or any future drug candidates, or if we collaborate with third parties for the development of our current or any future drug candidates, we must, at times, share trade secrets with them, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure, confidentiality and similar agreements with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, CDMO partners, consultants, advisers and other third parties. Any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Moreover, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes.

Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of our agreements with third parties, independent development or publication of information by any third-party collaborators. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure could have an adverse effect on our business and results of operations. 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 we are unable to prevent unauthorized material disclosure of our intellectual property to third parties, or misappropriation of our intellectual property by third parties, we will not be able to establish or maintain a competitive advantage in our market, which could materially and adversely affect our business, financial condition, and results of operations. 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.

As of the Latest Practicable Date, we were involved as the plaintiff in an ongoing legal proceeding seeking remedies against a third party for its misappropriation of our trade secrets. While we believe our claims are well-founded, we cannot predict the final outcome of the proceeding. As the plaintiff in this case, we confirm that this dispute would not have any material adverse impact on the R&D or commercialization of our drug candidates, as the case does not involve our existing intellectual property, including patents and patent applications, and does not have any material adverse impact on our business operations and financial position.

Furthermore, many of our employees, consultants, and advisers, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants, and advisers, including members of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not wrongfully use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute 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. Further, 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.

Litigation may be necessary to defend against these claims. 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 against such claims, litigation could result in substantial costs, be a distraction to our management and scientific personnel and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may from time to time be involved in legal proceedings and disputes to protect or enforce our intellectual property rights, or defend against infringement and other claims alleged by third parties, which could be expensive, time consuming and unsuccessful.

Litigation relating to patents and other intellectual property rights in the biopharmaceutical and pharmaceutical industries is common, including patent administrative proceedings, patent ownership and patent infringement lawsuits. The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other

intellectual property rights. Third parties could resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future. Some claimants may be able to sustain the costs of complex intellectual property proceedings to a greater degree and for longer periods of time than we could.

Despite measures we take to obtain and maintain patent and other intellectual property rights with respect to our drug candidates, our intellectual property rights could be challenged or invalidated. We may be involved in legal proceedings where third parties may challenge our intellectual property rights in the future. In such instances, we may need to take action to enforce or defend our intellectual property rights. Failure to successfully defend against such claims may result in adverse court rulings affecting our ownership of certain patent rights. Legal proceedings involving challenges to our intellectual property rights could result in limitations to our control over the affected intellectual property rights, which could potentially affect our competitive position and prospects and adversely affect our business operations and financial condition. In addition, competitors or other third parties may challenge, infringe upon or misappropriate our patents and other intellectual property rights. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. In any infringement proceeding, a court or governmental authority may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question.

Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may not be an adequate remedy. Enforcing our intellectual property rights or related business rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages. In addition, if the breadth or strength of protection provided by our patents and other intellectual property rights is threatened, it could dissuade companies from collaborating with us to license, develop, or commercialize our current or future drug candidates. Any loss of intellectual property protection could have a material adverse impact on one or more of our drug candidates and our business.

On the other hand, we cannot guarantee that our drug candidates or the sale or use of our future products do not and will not in the future infringe upon, misappropriate or otherwise violate third-party patents or other intellectual property rights. Third parties could allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, or with respect to the use or manufacture of the compounds we have developed or are developing.

It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties that cover our drug candidates. Publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we were the first to invent, or the first to file patent applications on, our drug candidates or for their uses, or that our drug candidates will not infringe upon patents that are currently issued or that are issued in the future. In the event that a third party has also filed a patent application covering one of our drug candidates or a similar invention, our patent application may be regarded as a competing application and may not be approved in the end. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

If a third party were to assert claims of patent infringement against us, even if we believe such third-party claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, and the holders of any such patents may be able to block our ability to commercialize the applicable product unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, or use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In addition, defending such claims would cause us to incur substantial expenses and could cause us to pay substantial damages, if we are found to be infringing upon a third party's patent rights. These damages potentially include increased damages and attorneys' fees if we are found to have infringed upon such rights willfully.

Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property in general, thereby impairing our ability to protect our drug candidates.

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

In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in the PRC. For example, on October 17, 2020, the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") promulgated the Amendment to the PRC Patent Law effective from June 1, 2021, which provides that, among others, the patentee of an invention patent relating to the new drug that has been granted the marketing authorization in the PRC is entitled to request the patent administration department under the State Council to grant a patent term extension of up to five years, in order to compensate the time required for the regulatory review and approval for the commercialization of such a new drug; provided that, the total remaining patent term of such a new drug approved for commercialization shall not exceed fourteen (14) years after such approval. As a result, the terms of our PRC patents may be eligible for extension and allow us to extend patent protection of our products, and the terms of the patents owned by third parties may also be extended, which may in turn affect our ability to commercialize our product candidates, if and when approved, without facing infringement risks. The length of any such patent term extension is uncertain. If we are required to delay commercialization for an extended period of time, technological advances may develop and new competitor products may be launched, which may render our product non-competitive. We also cannot guarantee that other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

Evolving judicial interpretation of patent law could also adversely affect our business. The U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit have issued numerous precedential opinions in recent years narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on future actions by the U.S. Congress, the U.S. federal courts, the USPTO or similar authorities in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce or defend patents that we have licensed or that we might own or license in the future.

Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce our current and future owned and licensed patents.

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

The degree of protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business nor permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make drug candidates that are the same as or similar to our drug candidates but that are not covered by the claims of the patents that we own or may have exclusively licensed;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing upon our intellectual property rights;

- third parties might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets; and

- we may not develop additional technologies that are patentable.

RISKS RELATING TO GOVERNMENT REGULATIONS

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

All jurisdictions in which we operate or intend to begin our business regulate the research, development, manufacturing and commercialization of biopharmaceutical products in great depth and detail. We intend to implement a global development strategy, with a focus on China and the U.S., the two largest pharmaceutical markets in the world. These jurisdictions strictly regulate the pharmaceutical industry, and in doing so they employ a broad range of strategies, including regulation of product development and approval, manufacturing, and marketing, sales and distribution of products. Evolutions and differences in these regulatory regimes could lead to an increased and costly regulatory compliance burden.

We are required to obtain and maintain certain licenses and permits for conducting our business. The process of obtaining regulatory approvals and compliance with appropriate laws, regulations and guidance requires the expenditure of substantial time and financial resources. If any regulatory authorities consider that we were operating without the requisite approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business

licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. In particular, failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include refusal to approve pending applications, withdrawal of an approval, license revocation; clinical hold, voluntary or mandatory product recalls, product seizures; total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution and disgorgement, or other civil or criminal penalties. Failure to comply with these laws, regulations and guidance could have a material and adverse effect on our business and prospects.

In many countries or regions where a drug is intended to be ultimately sold, including China, the U.S. and Australia, the relevant government agencies and industry regulatory bodies impose high standards on the efficacy of such drug, as well as strict rules, regulations and industry standards on how we develop such drug. For example, we may need to obtain clearance from the NMPA, the FDA, the TGA or other regulatory authorities as part of an IND application to seek authorization to begin clinical trials, and file an NDA, or other similar applications to seek marketing approval. Any failure to comply with existing laws, regulations and industry standards could result in fines or other punitive actions against us, the termination of ongoing research and the disqualification of data for submission to regulatory authorities, or a ban on the future sales of our drugs, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant laws, regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

The regulatory approval processes of the NMPA, the FDA, the TGA and other comparable regulatory authorities are time-consuming and may evolve over time. If we are unable to obtain without undue delay any regulatory approvals for our drug candidates in our target markets, our business may be subject to actual or perceived harm.

Generally, approvals from the NMPA, the FDA, and the TGA take long time to obtain, following the commencement of preclinical studies and clinical trials. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate's clinical development and may vary among jurisdictions. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes.

Our drug candidates could fail to receive the regulatory approval of the NMPA, the FDA, the TGA or a comparable regulatory authority for many reasons, including, without limitation:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective and potent for its proposed indication;
- failure of our clinical trial results to meet the level of statistical significance required for approval;
- failure of our clinical trial process to pass relevant GCP inspections;
- failure to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- insufficient data collected from the clinical trials of our drug candidates to support the submission and filing of an NDA, or other submissions or to obtain regulatory approval;
- failure of our drug candidates to pass cGMP, inspections during the regulatory review process or across the production cycle of our drug;
- failure of our clinical sites to pass audits carried out by the NMPA, the FDA, the TGA or comparable regulatory authorities, resulting in a potential invalidation of our research data;
- findings by the NMPA, the FDA, the TGA or comparable regulatory authorities of deficiencies related to the manufacturing of our drug candidates by our third-party partners;
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval; and
- failure of our clinical trial process to keep up with any scientific or technological advancements required by approval policies or regulations.

The NMPA, the FDA, the TGA or a comparable regulatory authority may require more information, including additional preclinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans. Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialization of that drug candidate. Any of the foregoing scenarios could materially harm the commercial prospects of our drug candidates.

If we are unable to obtain or maintain approval from the NMPA, the FDA, the TGA and other comparable regulatory authorities for our drug candidates to be eligible for an expedited registration pathway as innovative or breakthrough therapy, the time and cost we incur to obtain regulatory approvals may increase.

The NMPA, the FDA, the TGA and the comparable regulatory authorities in other jurisdictions may have implemented expedited review programs for drug candidates, among others, which are innovative drug applications, or which treat a serious or life-threatening condition and provide meaningful therapeutic benefits over available therapies. The NMPA's Breakthrough Therapy Designation, for example, is intended to facilitate and expedite the development and review of an investigational drug to treat a serious disease or condition when preliminary clinical evidence indicates that the drug has demonstrated substantial improvement over current therapies. Similarly, the FDA may facilitate the development and expedite the review of pharmaceutical products that are intended for the treatment of a serious or life-threatening condition for which there is no effective treatment and which demonstrate the potential to address medical need for the condition.

To date, we have not received any expedited registration pathway as innovative or breakthrough therapy. There can be no assurance, however, that the regulatory authorities will consider granting Fast Track Designation, Breakthrough Therapy Designation or other expedited review programs for our current or future drug candidates, or that we will decide to pursue or submit any applications for accelerated approvals or any other form of expedited development, review or approvals. Similarly, there can be no assurance that, after receiving feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approvals or any other form of expedited development, review or approvals, even if we initially decide to do so. Furthermore, there can be no assurance that such a submission or application will be accepted for filing, or that any expedited development, review or approvals will be granted on a timely basis, or at all. In addition, expedited registration pathways may contain certain conditions related to use restrictions for certain patient populations, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. Any failure to obtain accelerated approvals or any other form of expedited development, review or approvals for our drug candidates and/or any future changes to current polices and approvals with respect to the expedited registration pathways of our drug candidates could result in a longer period of time prior to the commercialization of such drug candidate, an increase in the development expenses for such drug candidate and an adverse impact on our competitive position in the market.

Even if we receive regulatory approval for our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses. We may be subject to penalties and other negative consequences if we fail to comply with the applicable regulatory requirements.

If the NMPA, the FDA, the TGA or other comparable regulatory authorities approve any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and record-keeping for the drug will be subject to extensive and ongoing regulatory requirements on pharmacovigilance. 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 ("**CMC**"), variations, continued compliance with current cGMPs and GCPs and potential post-approval studies for the purposes of license renewal.

Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed or to other conditions of approval, including requirements for potentially costly post-marketing studies, such as studies for the surveillance and monitoring of the safety and efficacy of the drug.

In addition, once a drug candidate is approved by the NMPA, the FDA, the TGA or other comparable regulatory authorities for marketing, it is possible that there could be a subsequent discovery of previously unknown problems with the drug, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our future drug products, it may result in, among other things:

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory recalls;
- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA, the FDA, the TGA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- refusal by the NMPA, the FDA, the TGA or comparable regulatory authorities to accept any of our other IND approvals and NDAs;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

Moreover, regulations or policies may change, or additional government regulations may be finalized that could prevent, limit or delay regulatory approval of our drug candidates.

Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability, which in turn could significantly harm our business, financial condition and pipeline of biopharmaceutical products.

Changes in laws and regulations relating to the biopharmaceutical industry may result in additional compliance risks and costs.

In China, the U.S, Australia and other jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes relating to the biopharmaceutical industry and the healthcare system, including cost-containment measures that may reduce or limit coverage and reimbursement for newly approved drugs and affect our ability to profitably sell any drug candidates for which we obtain marketing approval.

Although none of our drug candidates had been commercialized as of the Latest Practicable Date, these legislative trends and regulatory measures can potentially affect the sales, profitability and prospects of our any drugs in the future. Moreover, because these laws and regulations are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these laws and regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

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

Healthcare providers, doctors and others play a primary role in the recommendation and prescription of any products for which we may obtain regulatory approval. If we obtain the approval for any of our drug candidates and begin commercializing our drugs in China in the future, our operations may become subject to various PRC fraud and abuse laws, including the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and Criminal Law of the PRC (《中華人民共和國刑法》). These laws may impact, among others, our proposed sales, marketing and education programs.

Law enforcement authorities are increasingly focusing on enforcing these laws. Efforts to ensure that our business arrangements with third parties are in compliance with applicable healthcare laws and regulations will involve substantial costs. Regulatory authorities could conclude that our business practices may not comply with current or future fraud, abuse or other healthcare laws or regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary

fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational damage, 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 material adverse effect on our business and results of operations.

Furthermore, we are subject to anti-bribery laws and regulations in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing other improper advantages. In addition, although currently our business operations are primarily in China, we are subject to the Foreign Corrupt Practices Act (the "**FCPA**") of the U.S., which generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs.

As we expand our operations globally, we may also become subject to similar laws and regulations from other jurisdictions. There are ambiguities as to what is required to comply with any of these laws and regulations, and if we fail to comply with such requirements, we could be subject to penalties and other negative consequences. If any of the physicians or other third parties with whom we do business are found to be not in compliance with the applicable laws and regulations, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

We face regulation and potential liability related to privacy, data protection and information security which may require significant resources and may adversely affect our business, operations and financial performance.

We and the CROs we engage may routinely receive, collect, generate, store, process, transmit and maintain medical data, treatment records and other personal details of subjects enrolled in our clinical trials, along with other personal or potentially sensitive information. As such, we are subject to the relevant local, state, national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance including, for example, substantial operational costs associated with changes to our data processing practices. Failure to comply with any of these laws could result in enforcement action against us, including and without limitation to fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material and adverse effect on our business, financial condition, and results of operations or prospects.

The personal information of patients or subjects which might be involved in our clinical trials could be highly sensitive and we are subject to strict requirements under the applicable privacy protection regulations in the relevant jurisdictions. While we have adopted security policies and measures to protect our proprietary data and patients' privacy, such policies and measures might not satisfy all the requirements in every respect under the applicable laws and regulations. Data leakage and abuse and other misconduct related to data and personal information protection might not be completely avoided, due to hacking activities, human error, employee misconduct or negligence or system breakdown, among other reasons. We also cooperate with hospitals, CROs and other business partners, licensees, contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with data/privacy policies or data/privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personal information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

We are subject to stringent data privacy and cybersecurity laws and policies, and we may be restricted from transferring data abroad or using human genetic resources collected within the PRC.

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 provides that enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research supported by the government budget fund 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. Given that the term "state secret" is not clearly defined, if and to the extent any data collected or generated in connection with our R&D of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, there is no assurance that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad or to our foreign partners in China.

In addition, the Administrative Regulations of PRC on Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》) (the "**HGR Regulation**"), which was promulgated on May 28, 2019 and further amended on March 10, 2024, stipulates that foreign organizations, foreign individuals and the institutions established or actually controlled thereby shall not collect or preserve China's human genetic resources within the PRC, and shall not provide China's human genetic resources abroad. Where a foreign organization or an institution established or actually controlled by a foreign organization or foreign individual needs to use China's human genetic resources to conduct scientific research activities, it shall comply with the applicable laws, administrative regulations and relevant provisions in the PRC, and cooperate with China's scientific research institutions, universities, medical institutions and enterprises provided therein. In this regard, utilization of China's human genetic resources for

international cooperation in scientific research, as well as transporting China's human genetic resources materials abroad shall be subject to the approval of the administrative department for health under the State Council. However, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without exit of human genetic resource materials for obtaining the licensing for the listing of relevant drugs and medical devices in the PRC market, provided that the type, categories, quantity and purposes of the human genetic resources to be used shall be filed with the administrative department for health under the State Council before conducting the clinical trials. If we are unable to obtain necessary approvals, complete the filings or comply with the regulatory requirements in a timely manner, or at all, our R&D of drug candidates may be hindered. Further, the Biosecurity Law of the People's Republic of China (《中華人民共和國生物安全法》), which was adopted on October 17, 2020, became effective on April 15, 2021, and amended on April 26, 2024, reaffirms the regulatory requirements stipulated by the HGR Regulation while potentially increasing the administrative sanctions where China's human genetic resources are collected, preserved, exported or used in international cooperation in violation of applicable laws. If the relevant government authorities consider the transmission of our scientific data or usage of human genetic resources to be in violation of the requirements under applicable PRC laws and regulations, we may be subject to fines and other administrative penalties imposed by those government authorities.

The landscape of cybersecurity and data privacy and security laws is constantly evolving. For example, on November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), effective on June 1, 2017, which requires network operators to safeguard security of the network and follow the principles of legitimacy in collecting and using personal information. On June 10, 2021, the SCNPC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), effective on September 1, 2021, which imposes data security and privacy protection obligations on entities and individuals which carry out data activities, and introduces a data classification and graded data protection system. On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), effective on November 1, 2021, which further details the general rules and principles on personal information processing and further increases the potential liability of personal information processor. For details, see "Regulatory Overview — Regulations on Information Security and Data Privacy." Complying with new laws and regulations could substantially increase the costs or require us to change our business practices in a manner materially adverse to our business. Additionally, to the extent we are found by the PRC regulators to be not in compliance with these laws and requirements, we may be subject to fines, regulatory orders to suspend our operations or other regulatory and disciplinary sanctions.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), together with other relevant administrative departments, jointly promulgated the revised Measures for Cybersecurity Reviews (《網絡安全審查辦法》) with effect from February 15, 2022, according to which, the purchase of network products and services by a critical information infrastructure operator (the "**CIIO**") that affect or may affect national security will be subject

to a cybersecurity review. In addition, an online platform operator who has personal information of over one million users and intends for listing in a foreign country (國外上市) must be subject to the cybersecurity review. However, there has been no further explanation or interpretation for "foreign listing" or "affect or may affect national security" under the aforementioned regulation. In addition, we cannot rule out the possibility that the relevant government authorities may conduct cybersecurity review on us according to the Measures for Cybersecurity Reviews. If a cybersecurity review for any of our activities is required, we will actively cooperate with the CAC to conduct such cybersecurity review. Any failure to obtain such approval or clearance from the regulatory authorities could materially constrain our liquidity and have a material adverse impact on our business operations and financial results, especially if we need additional capital or financing.

On September 24, 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) (the "**Data Security Regulations**") was promulgated by the State Council, which came into effect on January 1, 2025. The Data Security Regulations reiterate and refine the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, cyber data cross-border transfer management, and the responsibilities of online platform service providers. In particular, the Data Security Regulations provide that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations. However, the Data Security Regulations provide no further explanation or interpretation for the criteria on determining the risks that "affect or may affect national security". Additionally, since the Data Security Regulations are still relatively new, the interpretation and implementation of these regulations may further evolve and develop.

Moreover, the regulatory framework on cross-border transfer of personal information and data worldwide is rapidly evolving. For example, in recent years, China has promulgated several laws and regulations on cross-border data transfer, including but not limited to the Data Security Law, the Personal Information Protection Law, the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), the Measures for the Standard Contractual for Outbound Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》) and the Provisions on Facilitating and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》). These regulations have provided that, amongst others, CIIO that provides any personal information or important data to an overseas recipient, and other data processors that provides any important data, sensitive personal information or certain amount of non-sensitive personal information to an overseas recipient shall be subject to security assessment, standard contract filing or personal information protection certification for outbound data transfer activities, unless otherwise provided under the relevant laws and regulations. We cannot guarantee if these rules or regulations promulgated will impose additional compliance requirements, including any approval, filing and other administrative measures thereunder, and we cannot guarantee that the measures we have taken or will take in the future will always be effective or fully satisfy the relevant regulatory requirements under the relevant laws and regulations, including obtaining such approval, filing and other administrative measures in a timely manner, or at all.

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

We and certain third parties we work with, such as our CROs, CDMO partners and other business partners, are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. We generally contract with third parties for the disposal of these materials and wastes and we cannot guarantee our contractors could continuously maintain their qualifications with regard to such disposal. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages. We could incur significant costs associated with civil or criminal fines and penalties. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological, hazardous or radioactive materials. We may also incur liabilities due to injuries to our employees resulting from the use of or exposure to hazardous materials.

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.

RISKS RELATING TO OUR OPERATIONS

Our future success depends on our ability to attract, retain and motivate senior management, qualified medical professionals and scientific employees.

We are highly dependent on the expertise of the members of our research and development team, as well as the principal members of our management. We have entered into employment agreements with our executive officers, but each of them may terminate their employment with us.

Recruiting, retaining and motivating qualified management, scientific, clinical and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees, in particular our core R&D team members, could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Further, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize drugs. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous biopharmaceutical companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions.

If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.

Our future financial performance and our ability to commercialize our drug candidates will also depend, in part, on our ability to effectively manage our growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to implement our long-term development strategies. For details, see "Business — Our Strategies." Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing on our growth strategies will require, among other things, our ability to continue to identify and develop promising drug candidates in the competitive global and PRC biopharmaceutical market, effective coordination and integration of new teams that we may develop, successful hiring and training of personnel, as well as effective and efficient financial and management control and quality control.

All of these endeavors will require substantial management attention and efforts and significant additional expenditures. If we fail to expand at our expected pace, we may face capacity constraints in the future which may adversely affect our business and financial condition. We cannot assure you that we will be able to execute our business strategies and manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Our potential engagement in acquisitions or strategic partnerships may increase our capital requirements, dilute the value of your [REDACTED] in our H Shares, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

To enhance our growth, we may acquire businesses, products, technologies or know-how or enter into strategic partnerships that we believe would benefit us in terms of product development, technology advancement or distribution network. Any potential acquisition or strategic partnership may entail numerous risks, including, but not limited to:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs to initiatives in pursuing such a strategic merger or acquisition;

- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;

- risks and uncertainties associated with the counterparty, including the prospects of that party and its existing drugs or drug candidates;

- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and

- changes in accounting principles relating to recognition and measurement of our investments that may have a significant impact on our financial results.

In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

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 inspections, claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, privacy protection, environmental and safety matters, breach of contract, employment or labor disputes and intellectual property rights. Any inspections, claims, disputes or legal proceedings initiated by us or brought against us, our management or directors, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, inspections, claims, disputes or legal proceedings against us, our management or directors may be due to actions taken by our counterparties, such as our suppliers, CROs 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.

Our reputation is important to our success. Negative publicity with respect to us, our management, employees, business partners, affiliates, or our industry, may materially and adversely affect our reputation, business, results of operations and prospect.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image are crucial to the success of our business. However, our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. While we will continue to promote our brands to remain competitive, we may not be successful in doing so. In addition, we may engage various third

parties, such as CROs, CSOs and CDMO partners to facilitate our R&D activities, expand our commercialization network and increase market access for our drugs, which can make it increasingly difficult to effectively manage our brand reputation, as we have relatively limited control over these third parties.

Any regulatory inquiries or investigations or other actions against our management, any perceived unethical, fraudulent, or inappropriate business conduct by us or perceived wrongdoing by any key member of our management team or other employees, our business partners or our affiliates, could harm our reputation and materially and adversely affect our business. Regardless of the merits or final outcome of such regulatory inquiries, investigations or actions, our reputation may be substantially damaged, which may impede our ability to attract and retain talent and business partners and grow our business.

We may be exposed to risks of conducting our business and operations in international markets.

International markets are an important component of our growth strategy. We plan to explore market opportunities overseas, where we believe there is substantial demand for our drug candidates, and we may identify and collaborate with reputable local partners that have proven track record to maximize the global value of our drug candidates. We may also seek licensing and co-development opportunities with global partners, and expand our global clinical programs.

However, such activities may subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including but not limited to:

- increase in our expenses or diversion of our management's attention from the development of drug candidates;
- changes in a specific country's or region's political and cultural climate or economic condition;
- differing regulatory requirements for drug approvals and marketing internationally;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- potentially reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad; and

- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks may materially adversely affect our ability to attain or sustain revenue and profits from international markets.

Increased labor costs could slow our growth and adversely affect our operations and profitability.

Our operations depend in part on the skills and know-how of our employees. In recent years, the average labor cost in the global biopharmaceutical market, particularly for highly skilled and experienced personnel, has been steadily increasing as the competition for qualified employees has become more intense, according to Frost & Sullivan. We cannot assure you that there will be no further increase in labor cost, which may adversely affect our operations and financial condition. In addition, share options and other share-based incentives granted under our existing or future share-based incentive arrangements and scheme could adversely affect our costs and our results of operations.

Difficult conditions and turbulence in the global economic, political and financial environment may adversely affect our business, financial condition, results of operations and prospects.

Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit have been and will continue to affect the countries where we operate. Global financial markets have experienced significant volatility in recent years due to changes in macroeconomic conditions, epidemic-type public health events, shifts in monetary policies, inflationary pressures and other external events. Monetary tightening by major economies, including higher interest rates, as well as slower global economic recovery, have adversely affected financial conditions in certain markets and institutions, and may continue to create uncertainty and volatility in the global economic environment. Such conditions could in turn adversely affect market sentiment, funding availability, investor confidence and our business, financial condition and results of operations. These developments may adversely impact global liquidity, heighten market volatility and increase U.S. dollar funding costs, resulting in tightened global financial conditions and fears of a recession. A prolonged period of volatile and unstable market conditions would likely increase our funding costs and could also adversely affect the countries where we operate, which could in turn affect our business, financial condition, results of operations and prospects.

Changes in U.S. and international trade policies and political tensions, particularly with regard to China, may adversely impact our business and results of operations.

We are susceptible to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. Trade conflicts and geopolitical tensions between China and other countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects. China's relationships with foreign countries and regions may affect the prospects of our relationship with third parties, such as business partners, suppliers and future customers. 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 relationships between China and the relevant foreign countries or regions. Any trade conflicts and geopolitical tensions between China and the relevant foreign countries or regions may cause a decline in the demand for our future products and adversely affect our business, financial condition, results of operations, cash flows and prospects. Rising trade and geopolitical tensions, as well as changes in relevant government policies could reduce levels of trades, investments, technological exchanges and other economic activities between China and other countries and regions. For example, on February 21, 2025, U.S. President Donald J. Trump issued a memo entitled the "America First Investment Policy" (the "**America First Memo**"), outlining the ongoing review and consideration of potential new or expanded restrictions on U.S. outbound investment in the PRC in sectors such as semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing, and directed energy. The America First Memo also contemplates potential restrictions on investments in publicly traded securities by pension funds, university endowments and other limited partner investors. Such geopolitical tensions and policy changes could have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies.

Furthermore, the U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the U.S., tax policy related to international commerce, or other trade matters. It is unknown whether new tariffs will be imposed, or whether new laws and regulations will be enacted, or the effect that any such actions would have on us or our industry. While we have not started commercialization of drug candidates, any rising trade and geopolitical tensions or unfavorable government policies on international trade, such as capital controls or tariffs, may affect the competitive position of our future drug products. Such unfavorable policies may also negatively impact the hiring of scientists and other research and development personnel, and the demand for and competitiveness of our drugs. If any new tariffs, policies, legislation and/or regulations are announced or implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition, results of operations and prospects.

In addition, the rising trade and geopolitical tensions, heightened government scrutiny or unfavorable government policies may also affect our existing and future relationships with shareholders and business partners, including our suppliers, CROs and CDMO partners, the provision of research and development and other services, the supplies of materials and products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. Any failure in confirming and continuing business relationships with our existing business partners or any delay in identifying and entering into commercially reasonable business relationship with new business partners could harm our ability to develop, manufacture and distribute our drug candidates as planned or within budget, which could materially adversely affect our business, financial condition and results of operations.

We may be subject to natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control.

Natural disasters, health 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 where we conduct our business. Our operations may be under the threat of natural disasters, such as floods, typhoons, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, other factors beyond our control, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks.

The occurrence of a disaster or a prolonged outbreak of an epidemic illness, including the COVID-19 pandemic, or other adverse public health developments in which we operate our business could materially disrupt our business and operations. These uncertain and unpredictable factors include, but are not limited to, adverse effects on the economy, potential delays of our ongoing and future clinical trials, and disruptions to the operations of our business partners and CROs.

Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

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

We maintain industry-standard benefit plans in accordance with relevant laws and regulations, based on our assessment of our operational needs and industry practice. Our insurance coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

In line with general market practice, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. If we were to incur any liability or suffer any loss that exceeds the scope or limits of our insurance coverage, we may be required to bear the uncovered portion of such losses, which could result in substantial financial costs and a diversion of management attention and resources. In addition, any uninsured or underinsured loss could have a material adverse effect on our business operations, financial position and results of operations.

We may be unable to detect, deter and prevent all instances of bribery, fraud or other misconduct committed by our employees or third parties.

We may be exposed to fraud, bribery 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, bribery, or other misconduct involving employees and other third parties that had any material and 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 by our employees or third parties. 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, results of operations and reputation.

Our information technology systems, or those used by our partners or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our information technology systems and those of our CROs, consultants, partners and other third-party service providers remain vulnerable to a range of threats, including computer viruses, unauthorized access, cyber-attacks, natural disasters, terrorism, wars, and telecommunication and electrical failures. Any such event could lead to interruptions in our business operations and may result in a material disruption to our research and development activities. For example, if our systems fail to back up critical data in a timely manner, or if our clinical trial data are lost or corrupted due to a

security breach or system failure, it could lead to delays in regulatory filings, increased costs to recover or reproduce the data, or even a complete loss of irreplaceable research records. Such consequences could materially affect our ability to advance product candidates through clinical development.

In addition, the use of unlicensed or pirated software, whether intentionally or inadvertently, by us, including our employees, or any of our third-party service providers may expose us to significant legal, operational and reputational risks. Unauthorized software may lack proper security patches or updates, increasing the risk of malware infections, data breaches or system vulnerabilities. Moreover, the discovery of pirated software use may result in regulatory investigations, intellectual property infringement claims, fines or penalties, and could damage our relationships with partners, investors or regulators. Rectifying such issues may also lead to unanticipated costs and operational disruptions.

To the extent that any disruption, data loss or security breach results in unauthorized access, disclosure or loss of confidential or proprietary information, we may be subject to legal liability, suffer reputational damage, and face delays in our research and development efforts, any of which could materially and adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems may not be thorough or effective in all respects.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, and seek to continue to improve these systems. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct committed by our employees or third parties, and the precautions we take to prevent and detect such activities may not be effective.

Furthermore, we cannot assure you that our risk management and internal control systems will be effectively implemented. Since our risk management and internal control systems depend on their 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, which may materially and adversely affect our business and results of operations. Moreover, as we are likely to offer a broader and more diverse range of services and solutions in the future, the expansion and diversification of

our service offerings will require us to continue to enhance our risk management capabilities. If we fail to adapt our risk management policies and procedures to our evolving business in a timely manner, our business, financial condition and results of operations could be materially and adversely affected.

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or officers.

Most of our assets are situated in the PRC and most of our Directors and officers reside in the PRC. Therefore, there remains the possibility that it may be difficult to effect service of process outside the PRC upon most of our directors and officers, including with respect to matters arising under applicable securities laws. The PRC does not have treaties providing for the reciprocal recognition and enforcement of civil case judgments of courts with the U.S. and many other countries. Consequently, you may experience difficulties in enforcing against us or our directors or officers in the PRC any judgments obtained from courts outside of the PRC.

On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed 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》), which came into effect on January 29, 2024, or the Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the New Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the PRC, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the New Arrangement.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares prior to the [REDACTED]. An active [REDACTED] for our H Shares may not develop or be sustained and the [REDACTED] and [REDACTED] of our H Shares may be [REDACTED].

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

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

The [**REDACTED**] and [**REDACTED**] of our H Shares may be [**REDACTED**] and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, Mainland China, the U.S. and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Mainland China that have listed their securities in Hong Kong may affect the [**REDACTED**] in the [**REDACTED**] of and [**REDACTED**] for our H Shares. A number of Mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Mainland China-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] of our H Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and [**REDACTED**] of our H Shares, regardless of our actual operating performance, and may result in losses on your [**REDACTED**] in our H Shares.

In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] for our H Shares may be highly [**REDACTED**] for specific business reasons. In particular, factors such as variations in our revenue and earnings, if any, and cash flow could cause the [**REDACTED**] of our H Shares to change substantially. Any of these factors may result in large and sudden change in the [**REDACTED**] and [**REDACTED**] of our H Shares.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material and adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

Substantial future [**REDACTED**] or the expectation of substantial [**REDACTED**] of our H Shares in the [**REDACTED**] following the [**REDACTED**] could materially and adversely affect the [**REDACTED**] of our H Shares. Future [**REDACTED**] of a significant number of our H Shares by any existing Shareholder in the [**REDACTED**] after the [**REDACTED**], or the perception that these [**REDACTED**] could occur, could cause the [**REDACTED**] of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. We cannot predict the effect, if any, that any future [**REDACTED**] of H Shares by our existing Shareholders, or the availability of H Shares for [**REDACTED**] by our existing Shareholders, or the [**REDACTED**] of H Shares or any other securities by our Company may have on the [**REDACTED**] of the H Shares. The H Shares held by our existing Shareholders are subject to certain lock-up periods. For details, see "[**REDACTED**]" While we currently are not aware of any intention of such persons to

[**REDACTED**] of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not [**REDACTED**] of any H Shares they may own now or in the future. The effect of such disposal, if any, on the [**REDACTED**] of the H Shares cannot be predicted.

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the [**REDACTED**] of the H Shares they [**REDACTED**], except as disclosed in this document, they may have existing arrangements or agreement to [**REDACTED**] of part or all of the H Shares they hold either immediately or within certain period upon the completion of the [**REDACTED**] for legal and regulatory, business and market, or other factors. Any [**REDACTED**] of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material adverse effect on the [**REDACTED**] of our H Shares and could cause substantial [**REDACTED**] in the [**REDACTED**] of our H Shares.

Our Single Largest Shareholder has substantial influence over our Company and its interests may not be aligned with the interests of our other Shareholders.

Our Single Largest Shareholder has substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Immediately after completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] range, our Single Largest Shareholder will hold (including direct and indirect shareholdings) approximately [**REDACTED**]% of the issued share capital in our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their H Shares as part of a [**REDACTED**] of our Company and might reduce the [**REDACTED**] of our H Shares. These events may occur even if they are opposed by other Shareholders. In addition, the interests of our Single Largest Shareholder may differ from the interests of other Shareholders. We cannot assure you that our Single Largest Shareholder will not exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of other Shareholders.

You will incur immediate and significant [REDACTED] and may experience further [REDACTED] in the future.

As the [**REDACTED**] of Shares is higher than the net tangible book value per share of our Shares immediately prior to the [**REDACTED**], [**REDACTED**] of our H Shares in the [**REDACTED**] will experience an immediate [**REDACTED**]. If we [**REDACTED**] additional H Shares in the future, [**REDACTED**] of our Shares in the [**REDACTED**] may experience further [**REDACTED**] in their shareholding percentage.

The actual or perceived [REDACTED] or availability for [REDACTED] of substantial amounts of our H Shares, especially by our directors, executive officers and substantial Shareholders, could adversely affect the [REDACTED] of our H Shares.

Future [**REDACTED**] of a substantial number of our H Shares, especially by our directors, executive officers and existing Shareholders, or the perception or anticipation of such [**REDACTED**], could negatively impact the [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The H Shares held by our existing Shareholders are subject to certain lock-up periods. See "[**REDACTED**]" While we currently are not aware of any intention of such persons to [**REDACTED**] of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not [**REDACTED**] of any H Shares they may own now or in the future. The effect of such [**REDACTED**], if any, on the [**REDACTED**] of the H Shares cannot be predicted.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for any future dividend income.

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under PRC laws and regulations, namely that our Company may pay dividends out of profits or share premium, provided always that in no circumstances may a dividend be paid out of share premium if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value or even maintain the [**REDACTED**] at which you [**REDACTED**] the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

We may allocate the [REDACTED] from this [REDACTED] in ways that you and other Shareholders may not agree.

Our management will have broad discretion in the application of the [**REDACTED**] from this [**REDACTED**], including for any of the purposes described in the section titled "Future Plans and [**REDACTED**]." Because of the number and variability of factors that will determine our [**REDACTED**] from this [**REDACTED**], their ultimate use may vary substantially from their currently intended use. Our management might not apply the [**REDACTED**] in ways that ultimately increase the value of your [**REDACTED**], and the failure by our management to apply these [**REDACTED**] effectively could harm our business. The failure by our management to apply these [**REDACTED**] effectively could have a material adverse effect on our business, financial condition and results of operations. You will not have the opportunity, as part of your [**REDACTED**] decision, to assess whether [**REDACTED**] are being used appropriately. You must rely on the judgment of our management regarding the application of the [**REDACTED**] of this [**REDACTED**].

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "aim," "anticipate," "aspire," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "schedule," "seek," "should," "target," "vision," "will," "would," and the negative of these words and other similar expressions. These statements are, by their nature, subject to significant risks and uncertainties. Prospective [**REDACTED**] are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, even if the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect.

The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the disclosure of forward-looking statements in this document should not be regarded as representations by our Company that the plans and objectives will be achieved, and [**REDACTED**] should not place undue reliance on such statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events, or otherwise.

The industry facts, statistics and forecasts in this document that were obtained from various government publications and the industry report have not been independently verified.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the healthcare market. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible,

and other publicly available sources. The information and statistics from such sources have not been independently verified by us, the Sole Sponsor, and the other [**REDACTED**], any of our or their respective directors, officers or representatives or any other party, other than Frost & Sullivan, involved in the [**REDACTED**] and no representation is given as to its accuracy. 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. You should therefore not place undue reliance on such information. 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.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there has been press and media coverage regarding us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

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

MANAGEMENT PRESENCE IN HONG KONG

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

Since most of our business operations are not principally located, managed or conducted in Hong Kong, and our Directors consider that the relocation of our executive Directors to Hong Kong or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, on the basis that our Company implements the following arrangements to ensure there is an effective channel of communication between our Company and the Stock Exchange:

(i) **Authorized representatives**: both of our Company's authorized representatives, Dr. Shi, the chairperson of the Board, an executive Director and our chief executive officer, and Ms. Tsui Ka Yan, one of the joint company secretaries of our Company, will act as our Company's principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(ii) **Directors**: each Director has provided their mobile phone number, office phone number, fax number (if any) and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(iii) **Compliance Advisor**: we have appointed Somerley Capital Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [**REDACTED**] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [**REDACTED**]. Pursuant to the note to Rule 3A.23 of the Listing Rules, the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Advisor; and

(iv) **Legal advisors**: we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after the [**REDACTED**].

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our Company must appoint a company secretary, who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles they played;

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

(iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Listing Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(i) whether the issuer has principal business activities primarily outside Hong Kong;

(ii) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Listing Guide) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Listing Guide) as a company secretary; and

(iii) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Listing Guide, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Mr. Jin Wenqing (金文卿) as our joint company secretary with effect from the [**REDACTED**]. Our Group's key operations and principal business activities are conducted outside of Hong Kong. We believe that the company secretary role requires a person to be deeply familiar with our operations and the specific industry context, and to be able to cultivate strong relationships with both the Board and the management. It would be in the best interests of our Company and our corporate governance to have as its joint company secretary a person such as Mr. Jin who has been with our Company since June 2015. As the executive vice president and the secretary of the Board, Mr. Jin is deeply familiar with our operations and is able to cultivate strong relationships with both the Board and the management. Our Directors believe that Mr. Jin's intimate knowledge of our Company and operations is essential for the performance of company secretary duties in the most effective and efficient manner. For biographical details, see "Directors and Senior Management."

Since Mr. Jin does not possess the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to fulfill the requirements to act as a company secretary of a [**REDACTED**] stipulated under the Listing Rules. To support Mr. Jin in performing the duties of company secretary, we have appointed Ms. Tsui Ka Yan, who is an associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom and meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide assistance for a three-year period from the [**REDACTED**] so as to enable Mr. Jin to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Jin as our joint company secretary. Pursuant to the Chapter 3.10 of the Listing Guide, such waiver has been granted on the conditions that:

(i) Ms. Tsui is appointed as a joint company secretary to assist Mr. Jin in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules;

(ii) our Company will further ensure that Mr. Jin has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an [**REDACTED**] on the Stock Exchange. Our Hong Kong legal advisors have provided training to Mr. Jin on the principal requirements of the Listing Rules and the Hong Kong laws and regulations applicable to our Company after the [**REDACTED**]. In addition, Mr. Jin will endeavor to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the [**REDACTED**];

(iii) Mr. Jin has confirmed that he will attend no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong [**REDACTED**] during each financial year as required under Rule 3.29 of the Listing Rules;

(iv) before the expiry of Mr. Jin's initial term of appointment as the company secretary of our Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules; and

(v) this waiver will be revoked immediately if and when Ms. Tsui ceases to provide such assistance during the three-year period, and we undertake to re-apply to the Stock Exchange for a waiver in the event that Ms. Tsui ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary of our Company. In addition, this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company.

Prior to the end of the three-year period, we will demonstrate and seek the confirmation from the Stock Exchange that Mr. Jin, having had the benefit of Ms. Tsui during the three years, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of our company secretary so that a further waiver would not be necessary.

EXEMPTION IN RESPECT OF FINANCIAL INFORMATION OF OUR COMPANY

According to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this document shall include an accountant's report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this document as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a report prepared by our Company's auditor with respect to profits and losses of our Company in respect of each of the three financial years immediately preceding the issue of the document and the assets and liabilities of our Company at the last date to which the financial statements were prepared.

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

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this document must include, *inter alia*, the results of our Company in respect of each of the three financial years immediately preceding the issue of this document or such shorter period as may be acceptable to the Stock Exchange.

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in that rule shall instead refer to "two financial years" or "two years," as the case may be.

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

(i) we are a biotechnology company focused on developing globally competitive and commercially valuable therapies in the fields of metabolic, inflammatory and cardiovascular diseases, and fall within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(ii) the Accountants' Report for the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2025 has been disclosed in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules;

(iii) notwithstanding that the financial results set out in this document are only for the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2025 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements;

(iv) as Chapter 18A of the Listing Rules provides track record period of two years for biotech companies in terms of financial disclosure, strict compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of

Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company as this would require additional work to be performed by us and our reporting accountants; and

(v) our Directors are of the view that the Accountants' Report covering the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, together with other disclosures in this document, has already provided the potential [**REDACTED**] with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company, and our Directors confirm that all information which is necessary for the [**REDACTED**] to make an informed assessment of our Company's business, assets and liabilities, financial position, trading position, management and prospects has been included in this document. Therefore, the exemption would not prejudice the interests of the [**REDACTED**].

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

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Shi Dongfang (史東方)	2272 Dorne Place Fremont, CA 94539 U.S.	American
Mr. Jin Wenqing (金文卿)	Room 104, Building 1 Biyue Hemei Community No. 17 Xuanwen Road Xinqiao Subdistrict Xinbei District Changzhou City, Jiangsu Province PRC	Chinese
Non-executive Directors		
Ms. Chu Lingyuan (褚玲元)	2272 Dorne Place Fremont, CA 94539 U.S.	American
Mr. Li Xianxian (李顯顯)	No. 50, Gucui Road Xihu District Hangzhou City, Zhejiang Province PRC	Chinese
Mr. Tang Yanggang (唐陽剛)	No. 39 First Honghui Road Hongqi Town, Jinwan District Zhuhai City, Guangdong Province PRC	Chinese
Mr. Jiang Chao (江超)	Room 501, Unit 1, Building 31 Shaoyaoju, Taiyanggong Area Chaoyang District, Beijing PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Ni Zhifeng (倪志峰)	Room 801, Building 3 Kaina Huaqiao City No. 1 Tongjiang South Road Zhonglou District Changzhou City, Jiangsu Province PRC	Chinese
Dr. Han Haiyong (韓海永)	1806 W Kaibab Dr Chandler, AZ 85248-4835 U.S.	American
Mr. Siu Wing Hay (蕭永禧)	Room 1, 36/F, Block B Beverly Hill, 6 Broadwood Road Happy Valley Hong Kong	Chinese (Hong Kong)

For further details regarding our Directors, please see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

[**REDACTED**]

Legal Advisors to our Company

as to Hong Kong and U.S. laws:
Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

as to PRC law:
Allbright Law Offices
9, 11/F-12/F, Shanghai Tower
No. 501 Yincheng Middle Road
Pudong New Area
Shanghai
PRC

Legal Advisors to the Sole Sponsor	*as to Hong Kong and U.S. laws:* **Herbert Smith Freehills Kramer** 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong *as to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Beijing PRC
Reporting Accountants and Independent Auditor	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 Nanjing West Road Jing'an District Shanghai PRC
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

Head Office, Registered Office and Principal Place of Business in the PRC	Room 201-1, Building 10 Yinhai Science and Technology Innovation Center Xiasha Subdistrict, Qiantang District Hangzhou City, Zhejiang Province PRC
Principal Place of Business in Hong Kong	31st Floor Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**www.atomthera.com** *(Information contained in this website does not form part of this document)*
Joint Company Secretaries	**Mr. Jin Wenqing (金文卿)** Room 104, Building 1 Biyue Hemei Community No. 17 Xuanwen Road Xinqiao Subdistrict Xinbei District Changzhou City, Jiangsu Province PRC **Ms. Tsui Ka Ya (崔嘉欣)** 31st Floor Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	**Dr. Shi Dongfang (史東方)** 2272 Dorne Place Fremont, CA 94539 U.S.

	Ms. Tsui Ka Ya (崔嘉欣) 31st Floor Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. Siu Wing Hay *(Chairperson)* Mr. Tang Yanggang Mr. Ni Zhifen
Remuneration and Appraisal Committee	Mr. Ni Zhifeng *(Chairperson)* Mr. Siu Wing Hay Dr. Han Haiyong Dr. Shi Dongfang Mr. Li Xianxian
Nomination Committee	Dr. Han Haiyong *(Chairperson)* Mr. Ni Zhifeng Mr. Siu Wing Hay Ms. Chu Lingyuan Mr. Jin Wenqing

[**REDACTED**]

Principal Banks	**China Construction Bank Corporation (Suzhou Area of Jiangsu Pilot Free Trade Zone Sub-branch)** Zijin Dongfang Plaza 288 Qiyue Street Suzhou Industrial Park Suzhou City, Jiangsu Province PRC
	Bank of Hangzhou (Technology Sub-branch) 1/F, Chuangxin Building 3850 Jiangnan Avenue Puyan Street Binjiang District Hangzhou City, Zhejiang Province PRC

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan in connection with the* [REDACTED] *(the "Frost & Sullivan Report"). The information from official government sources has not been independently verified by us, the Sole Sponsor,* [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, fairness and completeness. For discussion of the risks relating to our industry, see "Risk Factors" in this document.

OVERVIEW OF METABOLIC DISORDERS AND ANTI-INFLAMMATORY DRUG MARKET

Introduction to Metabolic Disorders and Inflammatory Diseases

Metabolism is the complex biological process through which the human body converts food into essential components, such as proteins, carbohydrates (sugars), and fats, within the digestive system to produce energy. These metabolic processes involve tightly regulated, multi-step pathways that are critical for sustaining life. When a dysfunction occurs at any stage of these pathways, it can lead to metabolic disorders, a broad category of diseases including hyperuricemia/gout, diabetes, obesity, non-alcoholic steatohepatitis, among others. These conditions can affect virtually every tissue and organ in the body, influencing not only physical health but also cognitive functions, growth and development, and mental well-being.

Metabolic disorders and inflammation are closely interconnected through complex biological mechanisms. Inflammation, a natural immune response to infections, tissue damage, or cytokine hypersecretion, involves the accumulation of specialized immune cells known as inflammatory cells. The inflammatory process, along with tissue microenvironment changes, plays a pivotal role in the development and progression of metabolic syndrome, which includes conditions such as obesity, insulin resistance, and diabetes. In fact, metabolic syndrome is often characterized by a persistent proinflammatory state, with low-grade inflammation serving as a key diagnostic marker. Meanwhile, factors such as overnutrition, physical inactivity, and aging can trigger chronic inflammation, resulting in excessive cytokine secretion that predisposes individuals to metabolic disorders. Different players of inflammation, such as immune cells and innate immune system mediators, are central players in this process, contributing significantly to the pathogenesis of metabolic disorders.

Prevalence of Common Metabolic Disorders

Metabolic disorders represent a significant and growing public health concern both in China and globally, with conditions such as hypertension, hyperuricemia, obesity, type 2 diabetes mellitus ("**T2DM**") and metabolic dysfunction-associated steatohepatitis ("**MASH**") being some of the most prevalent. The table below sets forth the introduction and patient population of common metabolic disorders both in China and globally.

Prevalence of Common Metabolic Disorders

Disease Name	Introduction	Patient Population, 2024 (million)	
		Global	China
Hypertension	Hypertension, also known as high or raised blood pressure, is a condition in which the blood vessels have persistently raised pressure.	1,590.5	353.3
Hyperuricemia	Hyperuricemia is defined as an elevated serum uric acid level, usually greater than 6 mg/dL in women and 7 mg/dL in men.	1,141.8	220.6
Obesity	Obesity is defined as abnormal or excessive fat accumulation that presents a risk to health.	988.1	224.2
Type 2 Diabetes Mellitus (T2DM)	T2DM is a chronic, metabolic disease characterized by elevated levels of blood glucose, which leads over time to serious damage to the heart, blood vessels, eyes, kidneys and nerves.	549.3	141.1
Metabolic dysfunction-associated steatohepatitis (MASH)	MASH is liver inflammation and damage caused by a buildup of fat in the liver. If left untreated, MASH can cause scarring of the liver, which leads to permanent scarring (cirrhosis) and liver cancer.	400.5	44.0

Source: Frost & Sullivan analysis

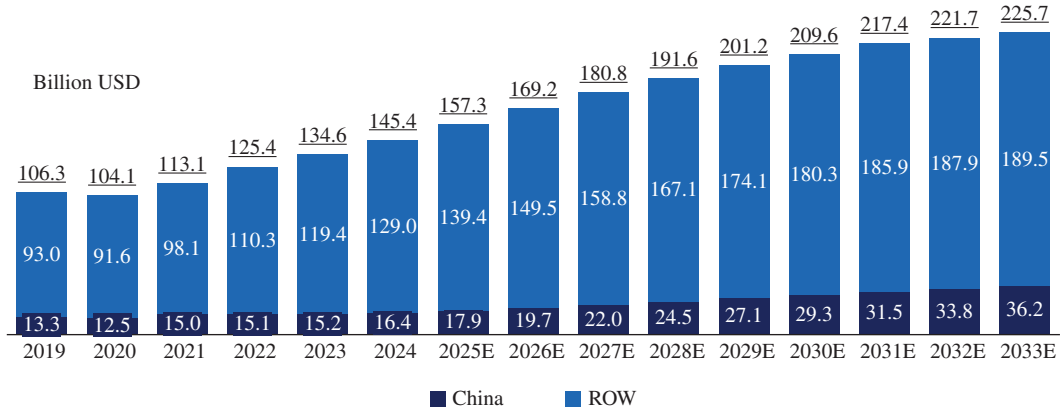
Hyperuricemia, one of the most common metabolic disorders worldwide, poses a significant public health challenge. The large and expanding patient population highlights the pressing need for effective management strategies, making hyperuricemia a critical public health concern. At the same time, it presents a compelling market opportunity where rising clinical awareness and improving diagnosis rates are expected to drive demand for effective and targeted treatments. As a result, the hyperuricemia treatment landscape offers significant potential for innovation and investment, underscoring the urgency and promise of addressing this growing burden.

Size of Metabolic Disorders and Anti-inflammatory Drug Market

The global metabolic disorders drug market has been experiencing steady growth, expanding from US$106.3 billion in 2019 to US$145.4 billion in 2024, at a CAGR of 6.5%. Such upward trajectory is expected to continue, with the market projected to reach US$225.7 billion by 2033, reflecting a CAGR of 5.0% from 2024 to 2033. Similarly, the metabolic disorders drug market in China has been growing consistently, increasing from US$13.3 billion in 2019 to US$16.4 billion in 2024, at a CAGR of 4.2%. Between 2024 and 2033, the market in China is forecasted to accelerate further with a CAGR of 9.2%, reaching an estimated US$36.2 billion by 2033. The rapid growth highlights the increasing demand for metabolic disorder treatments globally, with China emerging as a critical driver of market expansion due to its large patient population and rising healthcare investment. The following chart illustrates the historical and projected expansion of global and China's metabolic disorders drug market.

Size of Global and China Metabolic Disorders Drug Market, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	4.2%	6.8%	6.5%
2024-2033E	9.2%	4.4%	5.0%



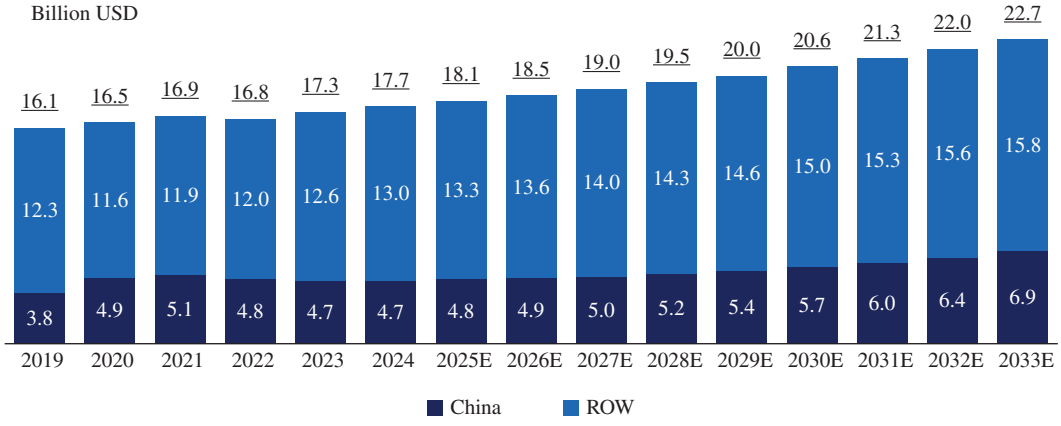
Source: Frost & Sullivan analysis

Abbreviation: ROW = rest of the world

In addition, the global anti-inflammatory drug market, supported by rising prevalence of chronic inflammatory diseases and advancements in therapeutic innovations, represents a significant and expanding segment within the pharmaceutical industry. Globally, the anti-inflammatory drug market expanded from US$16.1 billion in 2019 to US$17.7 billion in 2024, at a CAGR of 1.9%. Such global market size is projected to reach US$22.7 billion by 2033, representing a CAGR of 2.9% from 2024 to 2033. In China, the anti-inflammatory drug market has been experiencing steady growth, increasing from US$3.8 billion in 2019 to US$4.7 billion in 2024, at a CAGR of 4.1%. Such growth is expected to continue, with the market projected to reach US$6.9 billion by 2033, representing a CAGR of 4.4% between 2024 and 2033. The increasing demand for effective anti-inflammatory therapies in China positions the country as a key market for innovation and investment in this therapeutic area. The following chart illustrates the historical and projected expansion of global and China's anti-inflammatory drug markets.

Size of Global and China Anti-inflammatory Drug Market, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	4.1%	1.1%	1.9%
2024-2033E	4.4%	2.3%	2.9%



Source: Frost & Sullivan analysis

Growth Drivers of the Metabolic Disorders and Anti-inflammatory Drug Market

The growth in the metabolic disorders and anti-inflammatory drug market has primarily been driven by the following key factors:

- *Expanding vulnerable populations and rising public awareness.* The prevalence of metabolic diseases, such as gout, is on the rise in China, with an alarming trend toward younger age groups, further exacerbating the burden of healthcare costs. In response, the government and social organizations are actively advancing health education and awareness campaigns to improve public understanding of metabolic diseases. These efforts aim to promote early screening, timely intervention, and increased treatment rates, ultimately helping to alleviate the growing societal and economic impact of these conditions.

- *Urgent clinical needs.* Traditional therapeutic regimens often demonstrate limited efficacy in refractory cases and fall short in effectively managing associated complications. This highlights an urgent need for innovative therapies that can provide precise, personalized treatment options while improving patient adherence. Such advancements are essential not only for better disease control but also for enhancing patients' quality of life.

- *Breakthroughs in novel targets and innovative therapies.* In recent years, advancements in the development of drugs for metabolic diseases have been driven by a deeper understanding of disease mechanisms and the integration of cutting-edge technologies. For example, urate transporter 1 ("**URAT1**") inhibitors have been precisely designed to target hyperuricemia and gout. In addition, the application of AI and machine learning in drug discovery has significantly accelerated the development of innovative therapies, offering new opportunities to tackle complex metabolic conditions with greater efficiency and precision.

- *Policy support and optimized payment environment.* Policy support and an improved payment environment are pivotal drivers of growth in the metabolic disease drug market. For example, the Chinese government places significant emphasis on the prevention and treatment of metabolic diseases, integrating them into the national health strategy and enhancing treatment accessibility through the expansion of the health insurance catalog, which is expected to benefit a larger patient population by increasing access to essential therapies while reducing treatment costs, further addressing the growing healthcare burden of metabolic disorders.

Future Trends of the Metabolic Disorders and Anti-inflammatory Drug Market

The metabolic disorders and anti-inflammatory drug market has demonstrated the following trends:

- *Improvement of drug safety.* Pharmaceutical companies are dedicating efforts to developing safer and more effective treatments for metabolic diseases. In the area of hyperuricemia and gout, for instance, many existing therapies face major safety concerns. For example, the xanthine oxidase ("**XO**") inhibitor allopurinol carries a risk of severe allergic reactions, while febuxostat has been associated with cardiovascular mortality in some cases. Looking ahead, drug R&D will prioritize reducing side effects and improving patient adherence. Strategies such as optimizing molecular structures and developing long-acting formulations aim to enhance drug safety and efficacy, ultimately improving outcomes for patients.

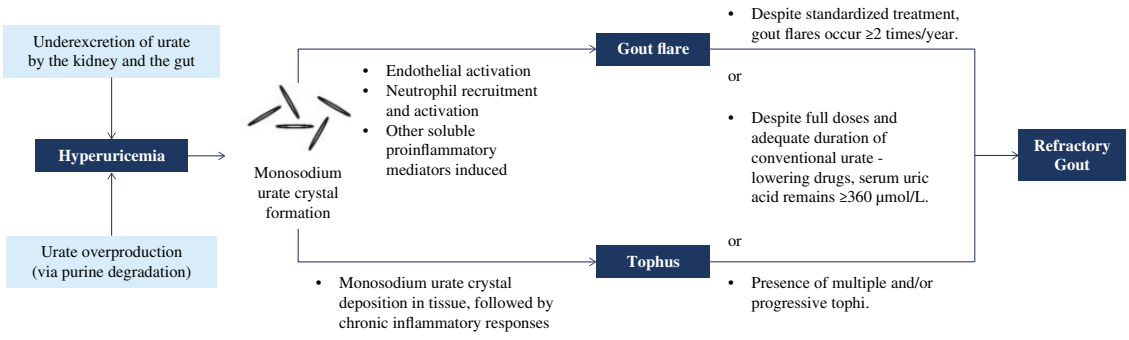
- *More systematic treatments.* Metabolic disorders often lead to cardiovascular and hepatic complications, prompting a shift in pharmaceutical development from targeting single indicators to delivering comprehensive therapeutic benefits. For example, colchicine not only acute gout flares but also reduces atherosclerotic plaque, offering dual benefits. Similarly, GLP-1-based treatments have shown efficacy in lowering the risk of cardiovascular events. Such integrated therapeutic strategy represents a promising direction for tackling the complexities of metabolic disorders.

- *Increased market share of domestic products.* With the increasing prevalence of metabolic disorders in China and supportive health insurance policies, domestic innovative drugs are expected to rapidly replace imported treatments. China-based pharmaceutical companies are making significant strides in molecular structure optimization and the development of long-acting formulations, positioning themselves to achieve breakthroughs in key areas such as GLP-1 receptor agonists and URAT1 inhibitors. Health insurance policies favor domestic innovations, and reforms in pricing standards allow innovative drugs to be independently priced within reasonable limits, further incentivizing R&D investments.

OVERVIEW OF HYPERURICEMIA AND GOUT DRUG MARKET

Introduction to Hyperuricemia and Gout

Hyperuricemia is characterized by an elevated serum uric acid ("**sUA**") level, typically exceeding 6 mg/dL in women and 7 mg/dL in men. This condition arises from reduced uric acid ("**UA**") excretion, increased UA production or a combination of both. According to Frost & Sullivan, reduced UA excretion accounts for approximately 90% of hyperuricemia. Prolonged hyperuricemia can lead to gout, a condition caused by the formation and deposition of monosodium urate crystals in joints and other tissues. Gout is the most common form of inflammatory arthritis and is often associated with severe pain, swelling, and recurrent flare-ups. Refractory gout, a more severe and challenging form of the disease, is defined by two key characteristics: persistent clinical symptoms and the inability to lower sUA levels below the therapeutic target of 6 mg/dL, despite the use of urate-lowering therapies ("**ULT**"). The development of refractory gout is linked to various mechanisms, all of which relate to suboptimal responses to or limitations of current ULT. The following chart illustrates the pathological mechanism of hyperuricemia and gout.



Source: Gout (Dalbeth, Nicola et al. The Lancet, Volume 397, Issue 10287, 1843-1855), Frost & Sullivan analysis

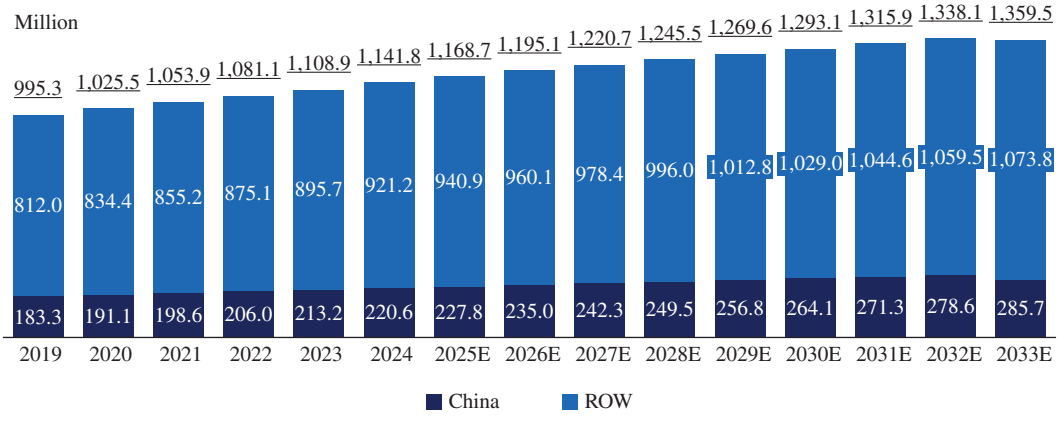
Hyperuricemia and gout are chronic, systemic conditions that affect multiple organs and are independent risk factors for chronic kidney disease ("**CKD**"), hypertension, cardiovascular disease, and diabetes. Hyperuricemia and gout are causally linked with kidney stones and CKD, while elevated sUA is also an independent risk factor for cardiovascular and cerebrovascular diseases and diabetes. Across observational studies, each 60 μmol/L increase in sUA is associated with roughly a 1.4-fold higher risk of hypertension, a 17% higher risk of new-onset diabetes, and a 12% higher risk of coronary heart disease mortality. Interventional studies suggest that ULT can improve renal function and slow CKD progression in hyperuricemic patients with renal damage and can reduce systolic and diastolic blood pressure in hyperuricemic patients with hypertension.

Prevalence of Hyperuricemia and Gout

The global prevalence of hyperuricemia and gout has been steadily increasing. The hyperuricemia patient population expanded from 995.3 million in 2019 to 1,141.8 million in 2024, representing a CAGR of 2.8%, and is projected to reach 1,359.5 million by 2033, corresponding to a CAGR of 2.0% from 2024 to 2033. In China, the hyperuricemia patient population increased from 183.3 million in 2019 to 220.6 million in 2024, reflecting a CAGR of 3.8%, and is projected to reach 285.7 million by 2033, representing a CAGR of 2.9% from 2024 to 2033. The following chart sets forth the historical and projected prevalence of hyperuricemia globally and in China from 2019 to 2033.

Global and China Prevalence of Hyperuricemia, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	3.8%	2.6%	2.8%
2024-2033E	2.9%	1.7%	2.0%

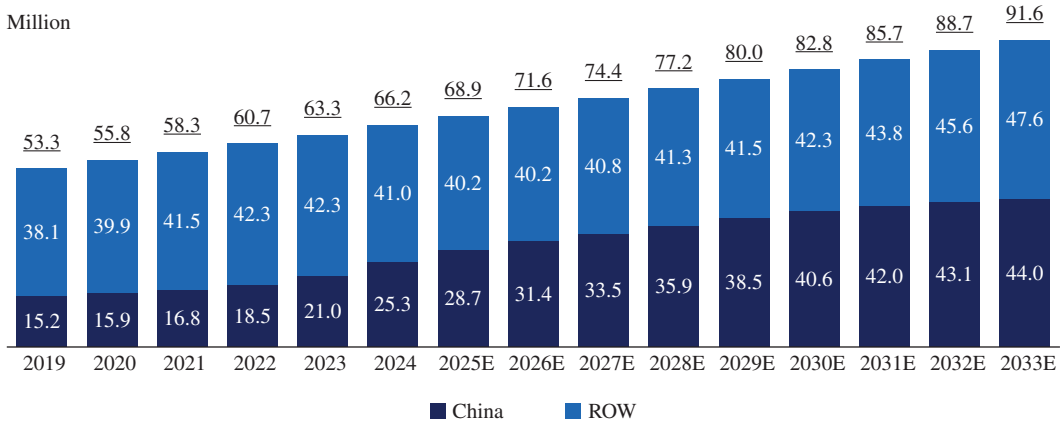


Source: Frost & Sullivan analysis

The global burden of gout has been rising steadily over the past several years. The number of patients increased from 53.3 million in 2019 to 66.2 million in 2024, representing a CAGR of 4.4%. Looking ahead, the global prevalence is projected to reach 91.6 million by 2033, corresponding to a CAGR of 3.7% between 2024 and 2033. In China, the growth trend has been even more pronounced. The gout patient population expanded from 15.2 million in 2019 to 25.3 million in 2024, at a CAGR of 10.7%. By 2033, this figure is expected to surge further to 44.0 million, reflecting a CAGR of 6.4% from 2024 to 2033. The following chart sets forth the historical and projected prevalence of gout globally and in China from 2019 to 2033.

Global and China Prevalence of Gout, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	10.7%	1.5%	4.4%
2024-2033E	6.4%	1.7%	3.7%



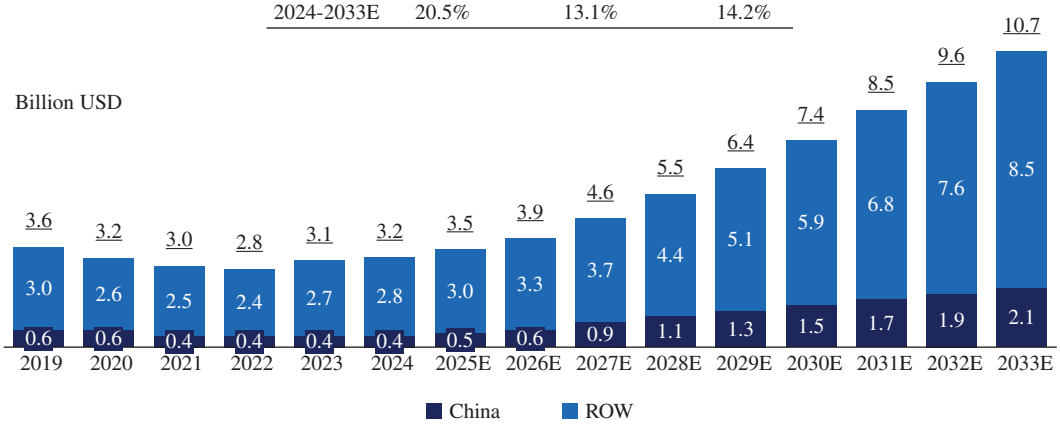
Source: Frost & Sullivan Analysis

Hyperuricemia and Gout Drug Market Size

The global drug market for hyperuricemia and gout therapeutics experienced a slight contraction, declining from US$3.6 billion in 2019 to US$3.2 billion in 2024, primarily due to drug safety concerns of febuxostat and the decrease in sales volume resulting from increased drug prices. However, the global market is expected to rebound significantly, reaching US$10.7 billion by 2033, with a CAGR of 14.2% from 2024 to 2033. The hyperuricemia and gout drug market in China also once saw a decline, with its size shrinking from US$0.6 billion in 2019 to US$0.4 billion in 2024, largely due to the impact of centralized drug procurement policies, which reduced drug prices. However, the market is poised for recovery and robust growth, with an expected CAGR of 20.5% from 2024 to 2033, outpacing the global growth rate during the same period. By 2033, the market in China is projected to reach US$2.1 billion, driven by factors such as the rising prevalence of hyperuricemia and gout, increasing patient awareness, and the expanding availability of innovative therapies. The following chart sets forth the historical and projected market size of hyperuricemia and gout drugs both globally and in China from 2019 to 2033.

Global and China Hyperuricemia and Gout Drug Market Size, 2019-2033E

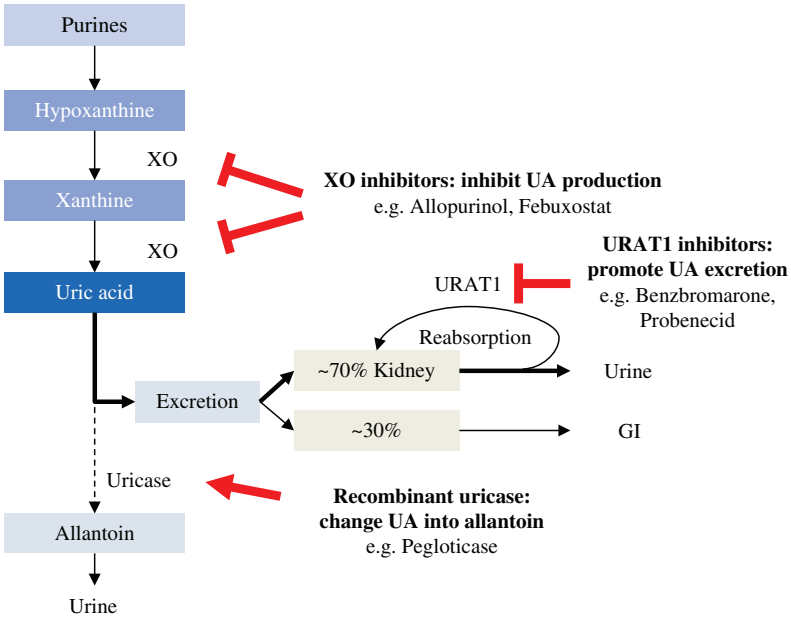
Period	CAGR		
	China	ROW	Global
2019-2024	-8.3%	-1.0%	-2.2%
2024-2033E	20.5%	13.1%	14.2%



Source: Frost & Sullivan analysis

Major Therapeutic Options for Hyperuricemia and Gout

The treatment of hyperuricemia and gout primarily relies on three types of medications: XO inhibitors, URAT1 inhibitors, and urate oxidase. XO inhibitors, including allopurinol, febuxostat, and topiroxostat, work by reducing UA production. URAT1 inhibitors, such as probenecid, benzbromarone, lesinurad and dotinurad, function by promoting the excretion of UA through the kidneys. Moreover, urate oxidase, represented by pegloticase, lowers UA levels by converting it into allantoin, a more soluble and easily excreted compound, and is primarily utilized as a last-line therapy for refractory gout. The following chart illustrates the UA metabolic pathway and targets of XO inhibitors, URAT1 inhibitors and urate oxidase as ULT.



Abbreviations: GI = gastrointestinal

Note: The dashed arrow indicates a missing metabolic step in humans, resulting from the evolutionary loss of the uricase enzyme.

Source: Literature review, Frost & Sullivan analysis

The table below sets forth the principal advantages and limitations of the three major classes of ULT — XO inhibitors, URAT1 inhibitors and urate oxidase.

Drug Type	Advantages	Limitations
XO Inhibitors	• Reduce UA production at the source • Generally available at lower cost	• Most effective in patients with UA overproduction, who represent only approximately 10% of gout cases • Potential allergic reactions and elevated risk of cardiovascular events • Liver toxicity
URAT1 Inhibitors	• Effective in patients with impaired UA excretion, representing approximately 90% of gout cases • Demonstrate high efficacy, suitable for monotherapy or combination therapy with XO inhibitors • Generally cost-effective	• May increase the risk of urinary tract stones • Require monitoring of urine pH
Urate Oxidase	• Rapidly degrades UA and can be effective for refractory gout	• Protein with high immunogenicity, easy to severe hypersensitivity and cause infusion reactions, with FDA black warning • Intravenous administration, which can be inconvenient for patients • Low response rate

Source: Literature review, Frost & Sullivan analysis

Overview of URAT1 Inhibitors

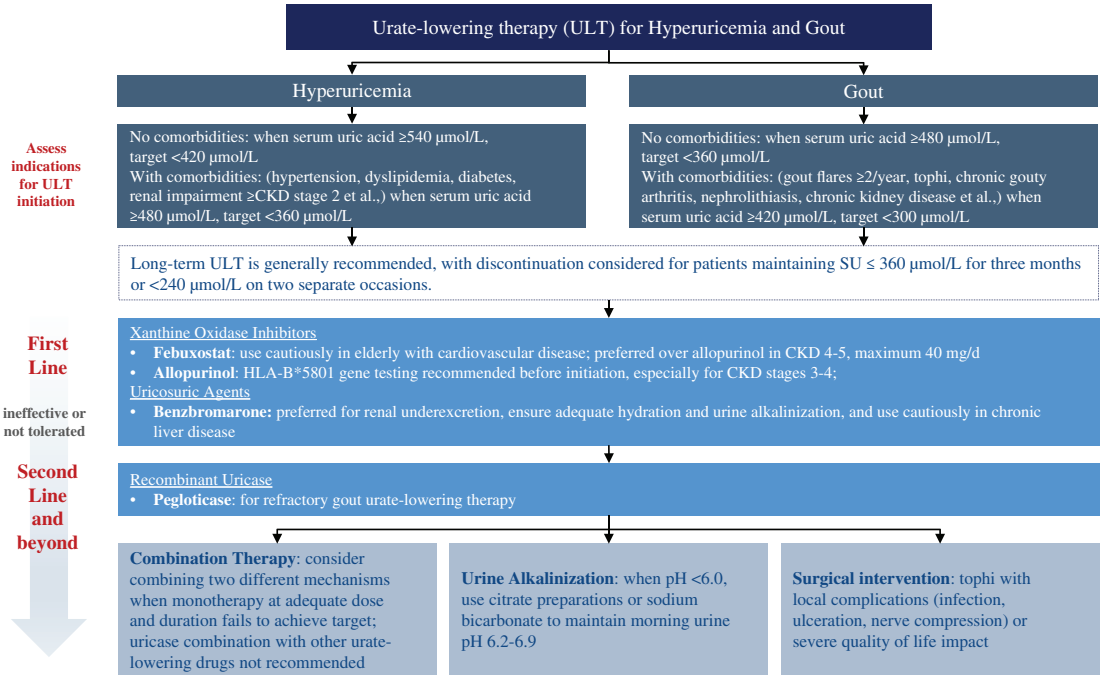
URAT1 is a key protein involved in the reabsorption of UA, responsible for approximately 90% of UA transport in the kidneys. This protein is expressed on the apical membrane of the proximal tubule in the human kidney, where it mediates the exchange of UA with other anions. URAT1 inhibitors work by competitively occupying the urate-binding cavity of the transporter, effectively blocking the UA/anion exchange process. Such action reduces UA reabsorption, thereby promoting its excretion and lowering sUA levels. Both classical uricosuric drugs, such as benzbromarone and probenecid, and next-generation agents, including lesinurad, dotinurad, and verinurad, share this mechanism of action. However, they differ in terms of potency, selectivity and safety profiles. As of the Latest Practicable Date, four URAT1 inhibitors had been commercially available worldwide, representing different generations of development. The first-generation drugs probenecid and benzbromarone have been widely used for decades, while newer agents like lesinurad and dotinurad offer improved pharmacological profiles.

For details on current marketed drugs and investigational drugs of URAT1 inhibitors, see "— Competitive Landscape of Hyperuricemia and Gout Drugs."

Current Treatment Paradigms for Hyperuricemia and Gout

The treatment of hyperuricemia and gout in China follows guideline-recommended urate-lowering strategies tailored to patients' sUA levels and comorbidities. For hyperuricemia, the sUA target is <420 μmol/L for patients without comorbidities and <360 μmol/L for those with conditions like hypertension, diabetes, or renal impairment. In gout, the target is <360 μmol/L without comorbidities and <300 μmol/L for patients with frequent flares, tophi, or CKD. First-line therapies include XO inhibitors such as allopurinol, with HLA-B*5801 gene testing (an allele test associated with the risk of severe adverse skin reactions induced by allopurinol and genetic susceptibility to gout) recommended, and febuxostat, preferred in advanced CKD. Uricosuric agents like benzbromarone are used cautiously, while recombinant uricase (e.g., pegloticase) is reserved for refractory gout. Combination therapy is advised when monotherapy fails, alongside urine alkalinization and surgical intervention for tophi-related complications. This structured approach ensures effective and individualized care. The following chart sets forth the treatment paradigm of hyperuricemia and gout in China.

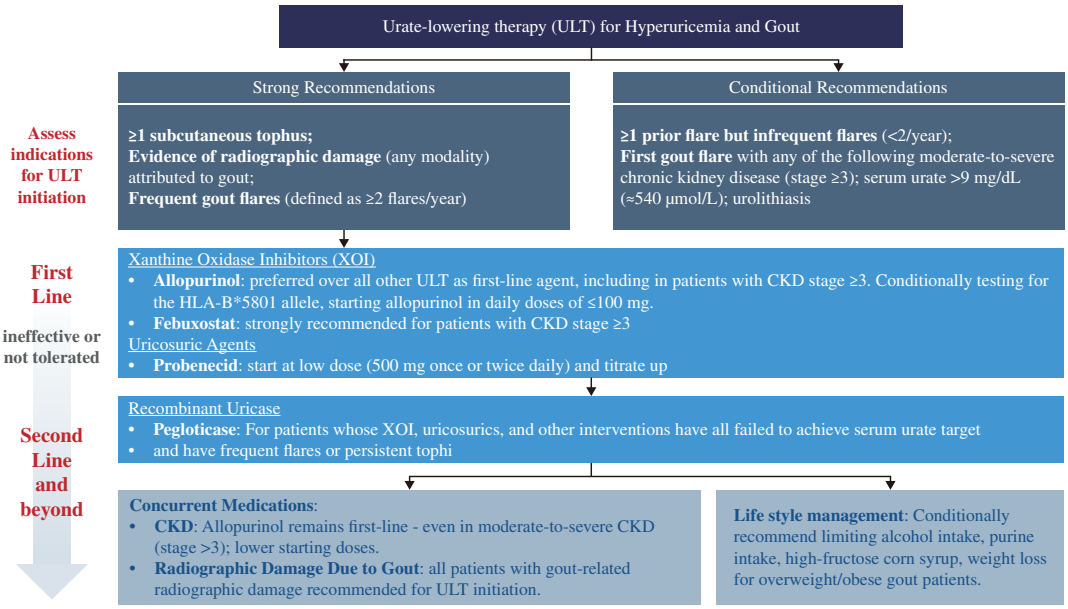
Treatment Paradigm of Hyperuricemia and Gout in China



Source: Chinese Guidelines for the Diagnosis and Treatment of Hyperuricemia and Gout (2024 Edition), Frost & Sullivan analysis

The treatment paradigm for hyperuricemia and gout in the U.S. centers on the appropriate initiation and escalation of ULT, based on disease severity, comorbidities, and flare frequency. ULT is strongly recommended for patients with one or more subcutaneous tophi, radiographic evidence of gout-related joint damage, or frequent flares (defined as two or more per year). Conditional recommendations apply to patients with infrequent flares (fewer than two per year), or those experiencing a first flare in the context of moderate-to-severe CKD (stage ≥3), sUA exceeding 9 mg/dL, or a history of urolithiasis. First-line pharmacologic therapy includes XO inhibitors, such as allopurinol, preferred even in patients with advanced CKD, with starting doses ≤100 mg/day, and febuxostat, especially for those with CKD stage ≥3 or intolerance to allopurinol. Uricosuric agents, like probenecid, may be used as an alternative to XO inhibitors. For patients with refractory disease, persistent tophi, or frequent flares despite conventional therapy, recombinant uricase (e.g., pegloticase) may be considered as a second-line or advanced option. Concurrently, allopurinol is recommended even in moderate-to-severe CKD, and ULT should be initiated in all patients with gout-related radiographic damage. Lifestyle modifications are also advised, including limiting alcohol, purine-rich foods, and high-fructose corn syrup, and promoting weight loss in overweight or obese individuals.

Treatment Paradigm of Hyperuricemia and Gout in the U.S.



Abbreviations: XOI = xanthine oxidase inhibitor

Source: ACR Guideline for the Management of Gout (2020), Frost & Sullivan analysis

Both China and the U.S. recommend XO inhibitors, primarily allopurinol and febuxostat, as first-line ULT. Uricosurics, such as benzbromarone in China and probenecid in the U.S., serve as alternatives or adjunctive options, while recombinant uricase (pegloticase) is reserved as second-line treatment for refractory cases in both countries. Despite these similarities, current strategies face important limitations: genetic testing or careful monitoring is required before initiating allopurinol due to hypersensitivity risks; febuxostat raises cardiovascular safety concerns; uricosurics demand strict patient selection and carry organ-specific risks; and pegloticase is generally limited to severe, treatment-resistant gout because of cost and safety issues. These constraints highlight a clear unmet medical need for safer, more effective, and broadly applicable innovative therapies for hyperuricemia and gout management.

Competitive Landscape of Hyperuricemia and Gout Drugs

Global Marketed Drugs for Hyperuricemia and Gout

As of the Latest Practicable Date, there were four originator drugs (i.e., dotinurad, topiroxostat, febuxostat, and allopurinol) and over one hundred generic drugs approved worldwide for the treatment of hyperuricemia and gout. The following table sets forth the details of global marketed drugs for hyperuricemia and gout, some of which have been withdrawn from the market in one or more jurisdictions, as of the Latest Practicable Date.

Global Marketed Drugs for Hyperuricemia and Gout

Drug Type	Ingredient	Originator Brand Name	Company	Year of Approval	Compound IP status	China Reimbursement	Price per Tablet in US (USD)
Xanthine Oxidase Inhibitor (XOI)	Allopurinol (别嘌醇)	Zyloprim	GSK	1966 (FDA) 1969 (PMDA) 1995 (NMPA, generics)	Expired	A/B	0.07-0.29 (100mg)
	Febuxostat (非布司他)	Uloric	Takeda	2008 (Europe) 2009 (FDA, withdraw) 2011 (PMDA) 2018 (NMPA)	Expired	B	1.27-1.45 (40mg)
	Topiroxostat (托匹司他)	Topiloric	Fuji Yakuhin	2013 (PMDA)	Expired	/	/
URAT1 inhibitor	Probenecid (丙磺舒)	Benemid	Merck	1951 (FDA, withdraw) 2006 (NMPA, generics)	Expired	B	0.6 (500mg)
	Benzbromarone (苯溴馬隆)	Narcaricin	Sanofi	1971 (Europe, withdraw) 2004 (NMPA, generics)	Expired	B	/
	Lesinurad (雷西納德)	Zurampic	Ironwood/ AZ	2015 (FDA, withdraw) 2016 (EMA, withdraw)	Expired	/	13 (200mg)
	Dotinurad (多替諾雷)	Urece	Fuji Yakuhin/ Eisai	2020 (PMDA) 2024 (NMPA)	Valid until 2030	/	/

Source: FDA, NMPA, Frost & Sullivan analysis

The clinical performance of marketed drugs for hyperuricemia and gout varies across different drug classes and individual agents. XO inhibitors, like allopurinol and febuxostat, show moderate to high efficacy in reducing sUA levels but are associated with side effects such as liver function abnormalities and cardiovascular risks. URAT1 inhibitors, including benzbromarone, lesinurad and dotinurad, demonstrate strong efficacy, with certain agents achieving sUA target rates above 80%. However, safety concerns like renal impairment and different other forms of adverse drug reactions are noted. The following table sets forth the clinical performance of marketed hyperuricemia and gout drugs.

Clinical Performance of Marketed Hyperuricemia and Gout Drugs

	Originator Drug	Company	Dosage	Efficacy		Safety	
				% of subjects achieving sUA <6.0 mg/dL	Trial Duration	AEs	Black Box Warning
Allopurinol	Zyloprim	Casper Pharma/ GSK	100-800 mg qd	42% (200/300 mg)	6 months	AE=37% including: upper respiratory tract infections (16.85%) joint related signs and symptom (6.74%) musculoskeletal (12.92%)	N/A
				36% (300 mg)	12 months		
Febuxostat	Uloric	Takeda	40-80 mg qd	45% (40 mg) 67% (80 mg)	6 months	Liver Function Abnormalities (6.6%/4.6%) Nausea (1.1%/1.3%) Arthralgia (1.1%/0.7%) Rash (0.5%/1.6%)	In a cardiovascular outcomes study, among gout patients with established cardiovascular disease, those treated with Uloric had a higher rate of cardiovascular mortality compared with patients treated with allopurinol
				74% (80 mg)	12 months		
Topiroxostat	Topiloric	Fuji Yakuhin	20-80 mg bid	72.4% (120 mg/d)	16 weeks	SAE=2%, AE=97% including: Blood triglycerides increased (42%) Urinary α1-microglobul increased (34%) Urinary NAG increased (25%)	N/A
Probenecid	Benemid	Merck	250-500 mg bid	/	/	headache, dizziness, precipitation of acute gouty arthritis, Gastrointestinal events, Genitourinary events, Hypersensitivity, Hematologic and Integumentary events	N/A
Benzbromarone	Narcaricin	labaz/Sanofi	25-100 mg qd	83.6 (50 mg)	14 weeks	AE=40.4% adverse drug reactions=15.2% Gouty arthritis (5.1%)	N/A
Lesinurad	Zurampic	Ironwood/ AZ	200 mg qd	54% (200 mg combo with Allopurinol) 57% (200 mg combo with Febuxostat 80 mg)	6 month	Headache (5.3%), influenza (5.1%), blood creatinine increased, and gastroesophageal reflux disease (2.7%)	Acute renal failure
Dotinurad	Urece	Fuji Yakuhin/ Eisai	1 mg qd for 4 weeks, followed by 2 mg qd for 8 weeks, followed by 4 mg qd for 12 weeks	73.6%	24 weeks	TEAE 90.6%, TEAEs leading to study drug dose adjustment 4.5%, urinary calculi 6.3%, liver injury 26.0%, renal injury 8.1%	N/A
			1 mg qd for 4 weeks, followed by 2 mg qd for 8 weeks	55.5%	12 weeks		

Abbreviations: AE = adverse event; SAE = serious adverse event; NAG = N-acetyl-β-D-glucosaminidase; TEAE = treatment emerged adverse event

Source: Drug label, literature review, Frost & Sullivan analysis

Hyperuricemia and Gout Drugs under Development

In addition to the currently marketed drugs, the global competitive landscape for hyperuricemia and gout treatment is increasingly focused on the development of URAT1 inhibitors. As of the Latest Practicable Date, there were 20 drug candidates in development for the treatment of hyperuricemia and gout. Among these candidates with active clinical trials in China and globally, ABP-671 stands out as one of the fastest-progressing candidates both globally and in China. It also demonstrates potentially superior clinical performance according to indirect comparison using real-world data. The following table sets forth the competitive landscape of hyperuricemia and gout drugs under development that have conducted clinical trials in China, the U.S. or the EU as of the Latest Practicable Date.

Hyperuricemia and Gout Drugs under Development

Drug Name	Company	Target	Phase of Trial (US and Europe)	Phase of Trial (China)	First Post Date
Lingdolinurad (ABP-671)	Atom Therapeutics	URAT1	Phase 2b/3	Phase 2b/3	2023/4/18
Pozdeutinurad (AR882)	Arthrosi/ApicHope	URAT1	Phase 3	Phase 2/3	2024/6/3
D0120	InventisBio	URAT1	Phase 2	Phase 2	2022/06/28
NNC4004-0002	Novo Nordisk	XO	Phase 1	/	2025/03/05
Ruzinurad (SHR4640)	Hengrui	URAT1	/	NDA	2025/01/09
Puliginurad (YL-90148)	YL pharma	URAT1	/	Phase 3	2022/12/14
Tainingnad	Tianjin institute of Pharmaceutical	URAT1	/	Phase 2b	2025/04/16
WXSH0493	Kanion (康缘藥業)	URAT1	/	Phase 2b	2025/07/25
HZBio1	CGE (遠大生物)/PegBio (派金生物)	UA	/	Phase 2	2024/06/18
HY-0902	Haiya (海雅醫藥)	URAT1	/	Phase 2	2025/03/07
QJ-19-0002	Chiatai Qingjiang (正大清江)	URAT1	/	Phase 2	2025/08/11
THDBH151	THDB (通化東寶)	URAT1, XO	/	Phase 2a complete	2024/03/26
THDBH130		URAT1	/	Phase 2a complete	2022/11/17
HEC93077	HEC (東陽光)	URAT1, XO	/	Phase 1 complete	2021/11/17
FCN-342	Fochon (復創醫藥)	URAT1	/	Phase 1 complete	2022/03/28
F012	Lunan (新時代藥業)	UA	/	Phase 1	2024/06/17
YJH-012	LIVZON (麗珠醫藥)	XO	/	Phase 1	2025/06/26

Source: Clinicaltrials, NMPA, Frost & Sullivan analysis

Our ABP-671 demonstrates superior efficacy with 100% of subjects achieving target sUA levels (<6.0 mg/dL) at both 4 mg BID and 8 mg QD within just 4 weeks, outperforming other investigational drugs. Its safety profile is also favorable, with no severe adverse events ("**SAEs**)" or Grade 3 treatment-emergent adverse events ("**TEAEs**") reported, and overall TEAEs (80%) being comparable to placebo. The combination of rapid, high efficacy and a favorable safety profile positions ABP-671 as a leading candidate among investigational drugs for gout treatment. The table below summarizes key clinical data for comparable hyperuricemia and gout drugs under clinical investigation as of the Latest Practicable Date.

Drug Name	Company	Target	Efficacy			Safety
			Cohort dosage	% of subjects achieving sUA <6.0 mg/dL	Trial Duration	
Lingdolinurad (ABP-671)	Atom Therapeutics	URAT1	8 mg QD	100.0%	4 weeks	TEAE=80%, similar between pooled placebo and the pooled ABP-671 groups, with gout flare (27%), nephrolithiasis (5%); no severe (Grade 3) TEAEs or SAE in ABP-671 groups
			4 mg BID	100.0%		
			4 mg QD	87.5%		
Epaminurad (URC102)	JW Pharmaceutical	URAT1	9 mg	88.9%	4 weeks	TEAE=52.78%, ADR=25%, no SAE; Gout flare incidence rate is 22.22% in 12 weeks.
				88.9%	8 weeks	
				75.0%	12 weeks	
Pozdeutinurad (AR882)	Arthrosi	URAT1	75 mg	92.0%	3 months	SAE=7.1%, during the first 6 months of treatment, gout flare (78.6%), arthralgia (28.6%)
				85.0%	12 months	
				83.0%	18 months	
Ruzinurad (SHR4640)	Hengrui	URAT1	10 mg	52.6%	16 weeks	During the 52-week TEAEs occurred in 89.7% patients, with gout flare (51%), increased alanine aminotransferase (21.6%), upper respiratory tract infection (21.4%), increased blood creatinine (20.1%). Serious TEAEs occurred in 4.9%.
				54.2%	52 weeks	

Abbreviations: TEAE = treatment-emerged adverse event; ADR = adverse drug reaction; SAE = serious adverse event; BID = twice daily; QD = once daily

Source: Literature review, Frost & Sullivan analysis

Marketed and Investigational Drugs for Refractory Gouts

Pegloticase, a urate oxidase enzyme, is a treatment specifically designed for refractory gout. The following table sets forth the details of pegloticase.

Global Marketed Drugs for Refractory Gout

Drug Type	Ingredient	Originator Drug	Company	Year of Approval	Structure IP status	Price per Unit (USD)	Sales in 2024 (USD)
Urate oxidase	Pegloticase (普瑞凯希)	KRYSTEXXA	Horizon Pharma	2010 (FDA) 2013 (EMA, withdraw)	Expired	30,038 (8 mg)	1.2 billion

Source: FDA, NMPA, Frost & Sullivan analysis

Pegloticase demonstrates good efficacy in lowering sUA when co-administered with methotrexate, as 71% of patients achieved sUA < 6.0 mg/dL at 6 months and 60% achieved such level by 12 months. Without methotrexate, only 38% reached this target at 6 months. However, treatment carries notable risks, including common AEs such as gout flares and arthralgia, and a Black Box Warning for anaphylaxis and infusion reactions. The clinical performance of pegloticase is set forth as below.

Clinical Performance of Marketed Refractory Gout Drugs

Ingredient	Originator Drug	Company	administration	Dosage	Efficacy		Safety
					% of subjects achieving sUA <6.0 mg/dL	Trial Duration	Adverse Events
Pegloticase (普瑞凯希)	KRYSTEXXA	Horizon Pharma	Mono	IV 8mg every 2 weeks (for whom methotrexate is contraindicated or not clinically appropriate)	47%	3 months	gout flares (77%), infusion reactions (26%), nausea (12%), contusion or ecchymosis (11%), nasopharyngitis (7%), constipation (6%), chest pain (6%), anaphylaxis (5%) and vomiting (5%)
					38%	6 months	
			Co-administered with methotrexate	IV 8 mg every 2 weeks, methotrexate 15 mg orally weekly	71%	6 months	gout flares (67%), arthralgia (14%), COVID-19 (9%), nausea (5%) and fatigue (5%)
					60%	12 months	
Black box warning:	• Anaphylaxis and infusion reactions have been reported to occur during and after administration of KRYSTEXXA • Anaphylaxis may occur with any infusion, including a first infusion, and generally manifest within 2 hours of the infusion. However, delayed hypersensitivity reactions have also been reported • KRYSTEXXA should be administered in healthcare settings and by healthcare providers prepared to manage anaphylaxis and infusion reactions • Pre-medicate with antihistamines and Glucocorticoids and closely monitor for anaphylaxis for an appropriate period of time after administration of KRYSTEXXA • Monitor serum uric acid levels prior to each infusion and discontinue treatment if levels increase to above 6 mg/dL, particularly when 2 consecutive levels above 6 mg/dL are observed • Screen patients at risk for G6PD deficiency prior to starting KRYSTEXXA. Hemolysis and methemoglobinemia have been reported with KRYSTEXXA in patients with G6PD deficiency. KRYSTEXXA is contraindicated inpatients with G6PD deficiency					

Abbreviations: IV = intravenous infusion

Source: Drug label, Literature review, Frost & Sullivan analysis

Pegloticase is currently the only approved therapy specifically targeting refractory gout, leaving patients with very limited treatment options. However, its high cost and notable safety concerns significantly restrict widespread use. As a result, there is an urgent and unmet need for innovative therapies in the treatment of refractory gout.

In addition, two drug candidates were advancing in clinical development for refractory gout, as of the Latest Practicable Date. SEL-212, consisting of sequential infusions of immune-tolerizing nanoparticles containing sirolimus followed by a pegylated uricase, had reached the Biologics License Application stage in the U.S. As of the same date, SAP-001 (a URAT1 inhibitor) had completed Phase 2 clinical development globally and Phase 1 clinical development in China. The following table sets forth the details of these two drug candidates for refractory gout.

Refractory Gout Drugs under Development

Drug Name	Company	Target	Phase of Trial (Global)	Phase of Trial (China)	First Post Date
SEL-212	Selecta /3S bio (三生制药)	UA	BLA	/	2024/07
SAP-001	Shanton (珊顿医药)	URAT1	Phase 2 complete	Phase 1 complete	2019/8/1

Abbreviations: BLA = biologics license application

Source: Clinicaltrials, NMPA, Frost & Sullivan analysis

Growth Drivers and Future Trends of Hyperuricemia and Gout Drug Market

The primary growth drivers and future trends of hyperuricemia and gout drug market include:

- *Improvement of drug safety.* The global and Chinese gout drug markets have been dominated by classic medications, such as allopurinol, febuxostat, and benzbromarone. However, these drugs are associated with significant safety concerns: allopurinol may cause severe hypersensitivity syndrome, febuxostat has been linked to cardiovascular safety controversies, and benzbromarone carries a risk of liver toxicity. These safety issues not only restrict their usage but also reduce patient compliance, thereby limiting the overall market potential.

- *Gout onset with younger patients.* Gout has been increasingly affecting younger populations, with nearly 60% of hyperuricemia and gout patients lately between the ages of 18 and 35. Notably, the prevalence among males is significantly higher than among females. This shift indicates that gout is no longer just an "old-age disease" but is emerging as a common chronic condition among younger individuals. Younger patients often exhibit lower adherence to medications and tend to prefer treatments with fewer side effects and well-established efficacy. As a result, the development and commercialization of innovative drugs tailored to the needs of younger patients will become a key focus in the future.

- *Policy support and changes in market environment.* The policy environment plays a critical role in shaping the development of the gout drug market. Adjustments to health insurance policies and the implementation of centralized procurement policies have significantly influenced the market share of traditional drugs. For instance, the sales of gout medications in China experienced a sharp decline in 2021 due to the centralized procurement policy. Despite this, mainstream drugs like febuxostat tablets and benzbromarone tablets continued to dominate a substantial share of the market. Going forward, as health insurance policies are further optimized, innovative drugs are expected to receive broader market support and greater adoption.

- *Application of AI and big data.* With the advancement of technology, AI, big data, and other technologies have been increasingly applied in the pharmaceutical field, providing new directions for gout drug development and treatment. For example, AI-based drug discovery and development is expected to reduce the cost and time of new drug development, thereby driving changes in the gout drug market. Meanwhile, the development of personalized medicine also offers the possibility of precision treatment of gout drugs.

OVERVIEW OF ACUTE GOUT FLARE DRUG MARKET

Introduction to Acute Gout Flares

Acute gout flare is a sudden and intense episode of joint inflammation caused by the deposition of monosodium urate crystals in the joints. These flares are marked by severe pain, redness, warmth, and swelling that can last for days to weeks, often followed by asymptomatic periods known as remissions. Acute gout flares are a typical and frequent manifestation within the progression of gout and hyperuricemia. For instance, in the U.S., gout patients suffer from an average of 6.6 acute attacks per person per year. Without treatment, gout flares can become more frequent and prolonged over time, and persistently high UA levels may lead to the formation of painful lumps called tophi, which can cause joint damage.

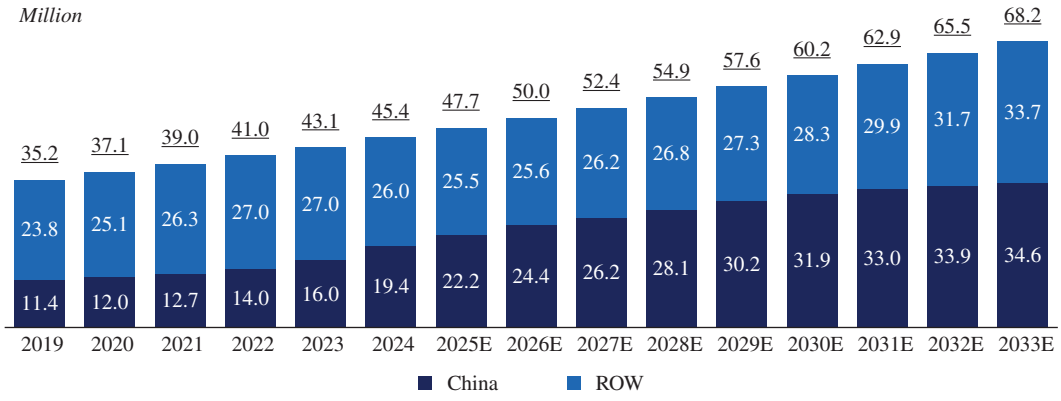
Central to the inflammatory mechanism of acute gout flares is the NOD-, LRR- and Pyrin Domain-Containing Protein 3 ("**NLRP3**") inflammasome, which triggers multiple pro-inflammatory cytokines, such as interleukin-1β ("**IL-1β**") release from macrophages upon monosodium urate crystal recognition. This IL-1β not only recruits neutrophils but also synergizes with monosodium urate crystals to amplify neutrophil extracellular trap formation, a hallmark of gouty inflammation. Other immune cells, including T cells, mast cells, and natural killer cells, also contribute to the inflammatory process through dysregulated immune responses, IL-1β release, and cytotoxic activity.

Prevalence of Acute Gout Flares

The global prevalence of acute gout flares has been rising steadily, with the number of patients of acute gout flares per year increasing from 35.2 million in 2019 to 45.4 million in 2024, representing a CAGR of 5.3%. Such upward trend is expected to persist, with patient number projected to reach 68.2 million by 2033, reflecting a CAGR of 4.6% from 2024 to 2033. In China, the patient number of acute gout flares has also been growing rapidly, increasing from 11.4 million in 2019 to 19.4 million in 2024, with a higher CAGR of 11.3%. By 2033, the number of acute gout flare patients in China is expected to rise further to 34.6 million, reflecting a CAGR of 6.6% from 2024 to 2033. The following chart sets forth the historical and projected prevalence of acute gout flares both globally and in China.

Global and China Patient Population of Acute Gout Flares, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	11.3%	1.8%	5.3%
2024-2033E	6.6%	2.9%	4.6%



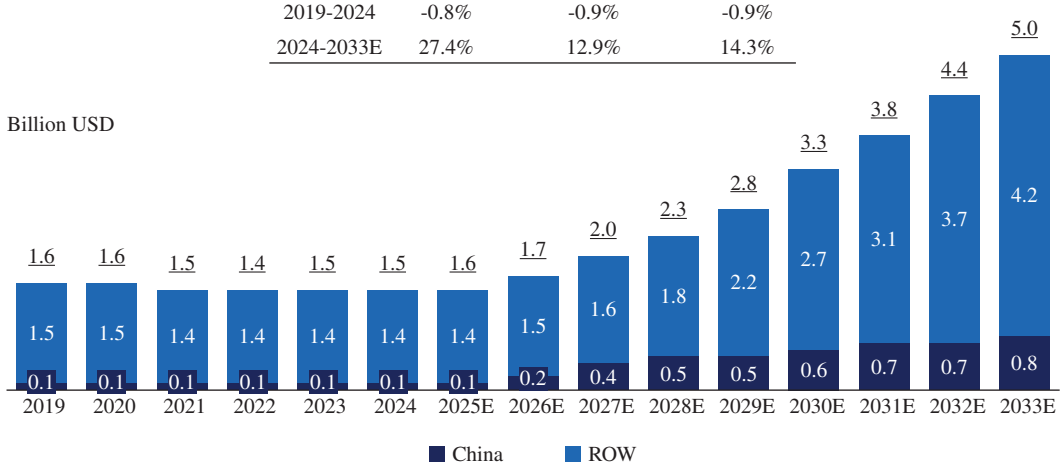
Source: Frost & Sullivan analysis

Acute Gout Flare Drug Market Size

From 2019 to 2024, the global acute gout flare drug market experienced a slight downturn, declining from US$1.6 billion to US$1.5 billion, primarily due to the decrease in sales volume as a result of increased prices. However, the market is projected to rebound significantly, reaching US$5.0 billion by 2033, with a CAGR of 14.3% from 2024 to 2033, driven by the introduction of novel therapies and rising disease awareness. In contrast, the acute gout flare drug market in China remained relatively flat from 2019 to 2024. Nevertheless, it is expected to undergo a rapid expansion, reaching US$0.8 billion by 2033, with a CAGR of 27.4% from 2024 to 2033, reflecting growing diagnosis rates, improved access to care, and increased adoption of innovative treatments. The following chart sets forth the historical and projected market size of acute gout flare drugs both globally and in China from 2019 to 2033.

Global and China Acute Gout Flare Drug Market Size, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	-0.8%	-0.9%	-0.9%
2024-2033E	27.4%	12.9%	14.3%



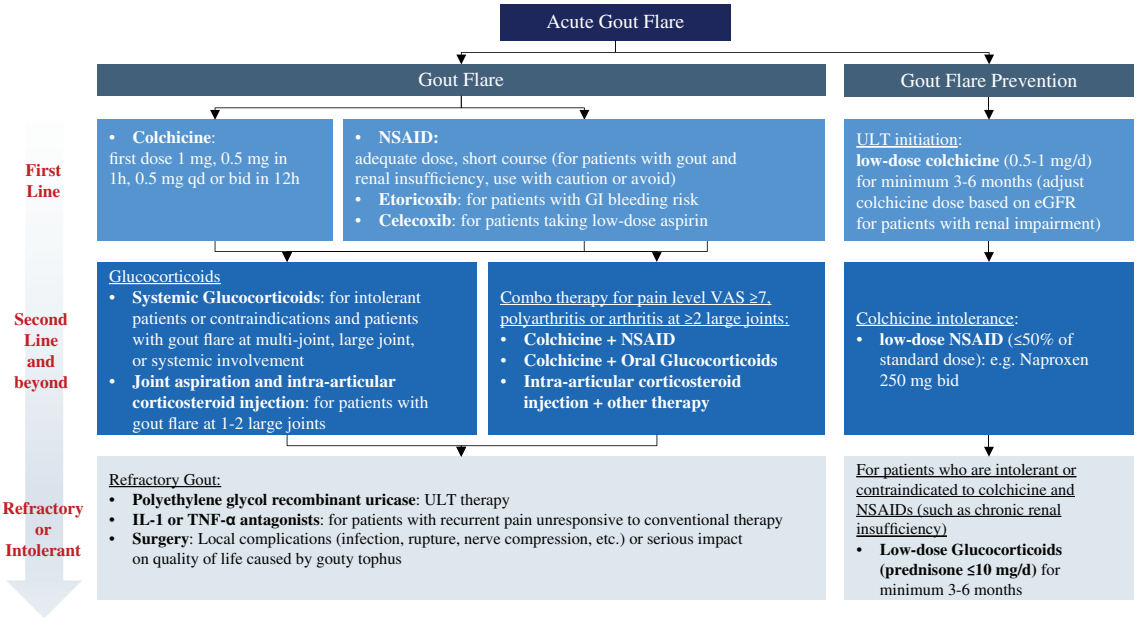
Source: Frost & Sullivan analysis

Current Treatment Paradigms for Acute Gout Flares

The management of acute gout flares in China follows a structured approach based on disease severity and patient-specific factors. First-line medications for acute gout flares include colchicine (with a loading dose of 1 mg followed by 0.5 mg in one hour, then 0.5 mg QD or BID) and nonsteroidal anti-inflammatory drugs, or nonsteroidal anti-inflammatory drugs ("**NSAID**") (short-course, adequate dose). Cyclooxygenase-2 ("**COX-2**") inhibitors like etoricoxib (for patients with gastrointestinal bleeding risk) and celecoxib (for patients on low-dose aspirin) are also recommended. Second-line options involve (i) systemic glucocorticoids for patients who are intolerant to other treatments or have contraindications, and those experiencing gout flares involving multiple joints, large joints (e.g., knees or hips), or systemic symptoms, (ii) joint aspiration with intra-articular corticosteroid injection for patients with gout flare at one to two large joints, and (iii) combination therapies (e.g., colchicine plus NSAID) for high pain levels or polyarthritis or arthritis at two or more large joints. Refractory or intolerant cases may require polyethylene glycol recombinant uricase, interleukin-1 (**"IL-1**") or tumor necrosis factor-alpha ("**TNF-α**") antagonists, or surgical intervention for complications like tophus-related nerve compression.

Regarding gout flare prevention, first line medications include low-dose colchicine (0.5 to 1 mg/day) for at least three to six months. For patients who are intolerant to colchicine, low-dose NSAID is recommended as second-line medication. In addition, for patients who are intolerant or contraindicated to colchicine and NDAIDs, such as those with chronic renal insufficiency, low-dose glucocorticoids (prednisone ≤ 10 mg/day) for at least three to six months. The following chart sets forth the treatment paradigm of acute gout flares in China.

Treatment Paradigm of Acute Gout Flares in China

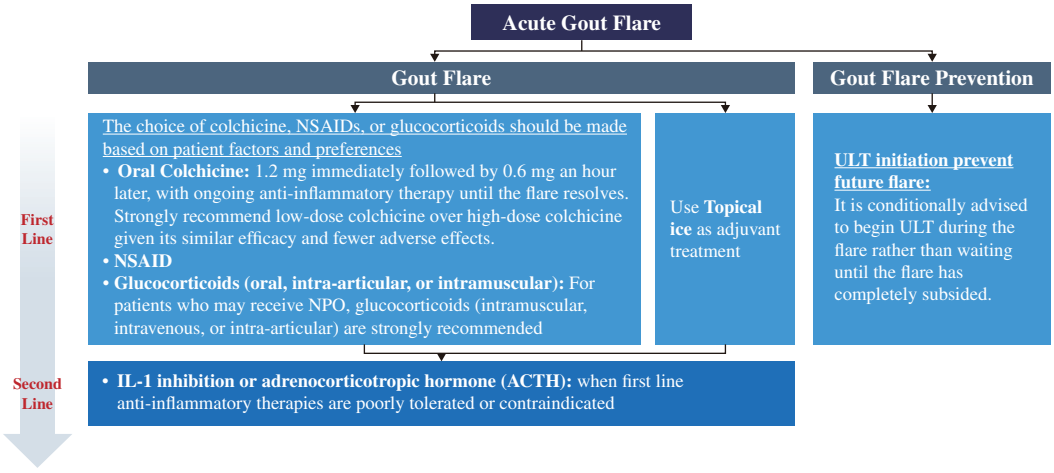


Abbreviations: eGFR = estimated glomerular filtration rate; VAS = visual analogue scale

Source: Chinese Guidelines for the Diagnosis and Treatment of Hyperuricemia and Gout (2024 Edition), Frost & Sullivan analysis

In the U.S., the treatment paradigm for acute gout flares emphasizes a patient-centered approach, with the choice of therapy guided by individual clinical factors and preferences. First-line treatments include oral colchicine, NSAIDs, and glucocorticoids (administered orally, intra-articularly, or intramuscularly). Oral colchicine is typically initiated at 1.2 mg, followed by 0.6 mg one hour later, with continued low-dose therapy until symptom resolution. NSAIDs are appropriate for many patients, while glucocorticoids, including intra-articular or parenteral formulations, are recommended for those who cannot take oral medications. Topical ice is often used as an adjunct to pharmacologic therapy. Second-line options, such as IL-1 inhibitors or adrenocorticotropic hormone, are reserved for cases where first-line anti-inflammatory therapies are poorly tolerated or contraindicated. In addition, to prevent future flares, ULT is conditionally recommended to be initiated during the acute flare, rather than delaying until complete resolution, to improve long-term disease control.

Treatment Paradigm of Acute Gout Flares in the U.S.



Source: ACR Guideline for the Management of Gout (2020), Frost & Sullivan analysis

Although both China and the U.S. employ a structured paradigm for the management of acute gout flares, relying primarily on colchicine, NSAIDs, and glucocorticoids, with biologic approaches reserved for refractory cases, significant limitations remain. Colchicine and NSAIDs, while effective, are constrained by gastrointestinal, renal, and cardiovascular safety concerns, often precluding their use in elderly or comorbid patients. Glucocorticoids are widely used but carry risks of metabolic and systemic side effects with repeated or prolonged courses. Biologic or enzyme based therapies, such as IL-1 inhibitors or recombinant uricase, are available only in select cases, hindered by cost, access, and safety considerations. As a result, both countries face similar challenges: the current therapies for acute gout flares remain limited in tolerability, safety, and accessibility, underscoring the need for safer and more effective therapies to address diverse patient populations.

Competitive Landscape of Acute Gout Flare Drugs

Marketed Drugs for Acute Gout Flares

The treatment of acute gout flares involves several types of drugs, each with its own mechanism of action and associated toxicity. Colchicine, NSAIDs, glucocorticoids, and IL-1 inhibitors are typically used options that target inflammation and pain. The choice of treatment depends on patient-specific factors, including drug tolerance and the severity of the flare. The following table sets forth the details of the four types of marketed drugs for acute gout flares.

Marketed Drugs for Acute Gout Flares

Type	Mechanism of Action	Representative Drugs	Toxicity
Colchicine	Inhibition of neutrophil chemotaxis, adhesion and mobilization, and superoxide production in addition to inhibition of NALP3 inflammasomes and IL-1β processing and release	Mitigare, Colcrys	• Most common adverse reactions are abdominal pain, diarrhea, nausea, and vomiting, occurring in up to 80% of cases. • Bone marrow suppression: characterized by thrombocytopenia, decreased neutrophil counts, and even aplastic anemia, and may cause severe infectious disease. • A lethal dose of colchicine is considered to be 0.8 mg/kg. 7 to 26 mg can result in patient mortality.
NSAIDs	Exert an anti-inflammatory effect by inhibiting the activity of cyclooxygenase (COX)	Ibuprofen, Naproxen, Diclofenac, Celecoxib	• Risk of severe gastrointestinal adverse effects, including ulceration, bleeding, or perforation, more commonly in the elderly. • Other GI events may include nausea, dyspepsia, loss of appetite, abdominal pain, and diarrhea from erosion of the alimentary canal. • Serious cardiovascular adverse events and renal adverse effects may also associate with NSAIDs. • Typical signs and symptoms of NSAID overdose include nausea, vomiting, headache, drowsiness, blurred vision and dizziness. Symptoms are unlikely after ingestion of 100 mg/kg or less, and are usually not life-threatening unless more than 400 mg/kg is ingested.
Glucocorticoids	Prevent the formation of both PGs and LTs by causing the release of lipocortin, which by inhibition of phospholipase A2 reduces arachidonic acid release	Prednisone, Dexamethasone	• Musculoskeletal adverse effects: osteoporosis, steroid-induced myopathy, osteonecrosis due to long-term use. • Metabolic and endocrine: dose-dependent increase in fasting glucose levels, developing cushingoid features and weight gain. Impairment of growth in young children. • Other adverse effects may follow a threshold dose-response pattern with an elevated frequency of events beyond a specific threshold value, like weight gain and epistaxis at prednisone dose greater than 5 mg daily, or glaucoma, depression, hypertension at prednisone dose greater than 7.5 mg daily.
IL-1 inhibitors	Block inflammatory effects of IL-1β, preventing its interaction with IL-1RI and subsequent pro-inflammatory signaling	Anakinra, Rilonacept, Canakinumab, Genakumab	• IL-1 toxicity in humans is similar to the systemic inflammatory toxicities induced by IL-3, IL-6, and other cytokines with pleiotropic biologic activities, like fever, nausea, malaise, and hypotension. • Up to 40% patients have injection site reactions, up to 12% have upper respiratory tract infection. 7% have nausea, 5% diarrhea, 4% fatigue. • Increased risk of serious infections

Abbreviations: NALP3 = NACHT, LRR, and PYD domains-containing protein 3; GI = gastrointestinal; NSAID = non-steroidal anti-inflammatory drug; phospholipase A2 = phosphatide 2-acylhydrolase

Source: Literature review, Frost & Sullivan analysis

Acute Gout Flare Drugs under Development

Drug candidates under development for acute gout flares are primarily focused on targeting IL-1 inhibitors and colchicine analogs, reflecting the growing interest in addressing the inflammatory pathways central to the disease. As of the Latest Practicable Date, there were five drug candidates in development for the treatment of acute gout flares. Among these candidates, our ABP-745 stands out as the only colchicine analog currently in clinical trials. Administered orally, ABP-745 is being investigated in the U.S., China and Australia, offering a potentially safer option that avoids drug-drug interaction. These developments highlight ongoing efforts to expand and refine treatment approaches for acute gout flares. The following table sets forth the details of acute gout flare drugs under development that have conducted clinical trials in China, the U.S. or Australia as of the Latest Practicable Date.

Acute Gout Flare Drugs under Development

Drug Name	Company	Mechanism	Treatment Lines	Administration method	Phase of Trial (US, Australia)	Phase of Trial (China)	First Post Date
ABP-745	Atom Therapeutics (新元素藥業)	Colchicine analogue	1L	Oral	Phase 2	Phase 2	2025/08/20
Dapansutrile (OLT1177)	Olatec Therapeutics	NLRP3 inhibitor	NA	Oral	Phase 2/3	/	2022/12/20
SSGJ-613	3S Bio (三生製藥)	Anti-IL-1 antibody	2L	s.c. injection	/	NDA	2025/6/6
UA007	General Regeneratives /Usynova (交晨生物/祐森健恒)	IL-1R antagonist	2L	i.m. injection	/	Phase 2a	2022/7/14

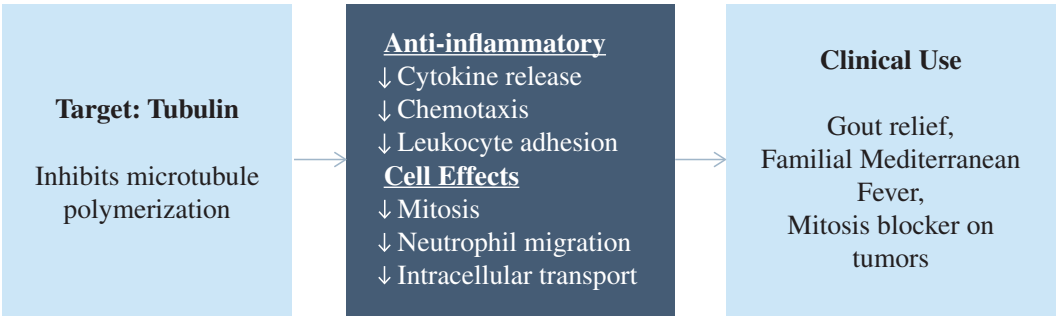
Abbreviations: s.c. = subcutaneous; i.m. = intramuscular

Source: Literature review, Frost & Sullivan analysis

Overview of Colchicine

Colchicine, a naturally occurring compound derived from the autumn crocus, has been utilized in medicine for centuries, with its use dating back to ancient Egypt and Greece. The compound is widely recognized for its potent anti-inflammatory properties, particularly in the treatment of acute gout flares. Its mechanism of action involves the inhibition of microtubule polymerization, which suppresses neutrophil migration, phagocytosis, and the release of pro-inflammatory cytokines, such as IL-1β and TNF-α. The following diagram illustrates the mechanism of action of colchicine.

Mechanism of Action of Colchicine



Source: Literature review, Frost & Sullivan analysis

Colchicine is a cornerstone therapy for the management of acute gout flares. By targeting neutrophil activity, it effectively reduces inflammation and relieves the associated pain and swelling. Specifically, colchicine prevents neutrophils from migrating to inflamed joints and inhibits their ability to contribute to the inflammatory cascade by blocking microtubule formation. This action also reduces the release of cytokines, such as IL-1β and TNF-α, which play a pivotal role in the inflammatory processes of gout. Despite its efficacy, colchicine's clinical use is limited by its narrow therapeutic window, as overdoses can result in serious gastrointestinal, hematologic, and neurological toxicities.

Colchicine's toxicity is linked to specific parts of its molecular structure, such as the methoxy groups on Rings A and C, the C-7 amide, and the C-9 carbonyl group. These structural features can cause off-target interactions, including with intestinal proteins, leading to gastrointestinal and systemic side effects. To address this, researchers have modified colchicine's structure to reduce toxicity while maintaining its effectiveness. For example, adjustments like removing certain methoxy groups, modifying the C-7 amide, or altering the C-9/C-10 region of the molecule have been explored.

In addition to its established role in gout treatment, colchicine has shown promise in the management of cardiovascular diseases, particularly in stabilizing atherosclerotic plaques and reducing the recurrence of cardiovascular events. Its mechanisms of action in this context include the inhibition of the NLRP3 inflammasome, resulting in decreased IL-1β levels; the suppression of endothelial activation, lowering TNF-α and E-selectin levels; and the prevention of leukocyte adhesion and plaque destabilization.

Growth Drivers and Future Trends of Acute Gout Flare Drug Market

The primary growth drivers and future trends of acute gout flare drug market include:

- *Growing incidence of acute gout flares.* The overall prevalence of gout is rising, driven in part by an increasing number of younger patients being diagnosed. Simultaneously, metabolic risk factors are worsening, as obesity, high-purine diets, the widespread consumption of sugar-sweetened beverages, and alcohol intake are all contributing to significant elevations in sUA levels. Compounding the issue, gout is frequently accompanied by CKD and cardiovascular disease, further amplifying its disease burden and public health impact.

- *Innovative drugs with new mechanisms.* The limitations of traditional gout treatments, such as colchicine (associated with up to 80% incidence of gastrointestinal side effects) and NSAIDs (linked to an increased cardiovascular risk), have driven the development and adoption of newer biologic therapies. Among these, IL-1 inhibitors are recommended by international guidelines for patients with acute gout flares who have contraindications to or inadequate responses to traditional medications like colchicine, NSAIDs, or glucocorticoids. Despite their promise, the clinical use of IL-1 inhibitors remains limited due to several challenges, such as their classification as biologic therapies, high costs, and the potential for some IL-1 inhibitors to increase the risk of infections.

- *Increased requirements for drug safety.* The younger population is increasingly prioritizing early intervention to prevent complications, fueling the growth of the preventive medication market. Meanwhile, younger generations place greater emphasis on the safety and long-term management of their treatments, favoring newer medications that offer improved efficacy and fewer side effects. Innovations such as extended-release colchicine formulations and colchicine analogs with reduced toxicity are expected to further drive market expansion, meeting the evolving demands of this health-conscious group.

OVERVIEW OF CHRONIC KIDNEY DISEASE MARKET

CKD, also known as chronic kidney failure, is a progressive condition featuring the gradual loss of kidney function. The kidneys play a crucial role in maintaining the body's internal balance by filtering waste products and excess fluids from the blood, which are then excreted through urine. In the early stages of CKD, patients may exhibit no noticeable symptoms. However, as the disease progresses, impaired kidney function leads to the accumulation of electrolytes and waste in the blood, ultimately causing significant clinical symptoms. CKD is often preceded by acute kidney disease ("**AKD**"), a condition lasting up to three months. Patients whose AKD does not resolve after this period are classified as having CKD with a history of AKD. Hyperuricemia and gout are recognized as independent risk factors for CKD and have a causal relationship with the formation of kidney stones and renal impairment, further contributing to the onset and progression of kidney dysfunction. Studies show that ULT may help protect kidney function and slow the progression of CKD in hyperuricemic patients with kidney damage.

While there is currently no cure for CKD, a combination of lifestyle changes and medical treatments can help alleviate symptoms, slow disease progression, and reduce the risk of complications. Among these, medications are essential for controlling the underlying conditions, such as hypertension, diabetes and high cholesterol, that contribute to CKD, as well as for managing its many complications, including anemia, mineral imbalances and cardiovascular risks. Although no drug directly cures CKD, drugs remain central to disease management. In advanced stages, particularly stage 5, dialysis or kidney transplantation may be necessary to replace lost kidney function.

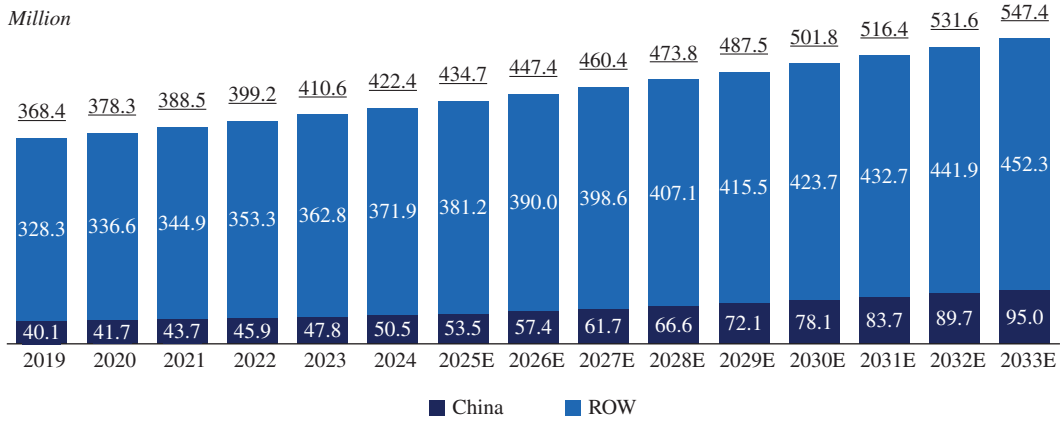
The kidneys play a key role in removing uric acid from the body, excreting about 70%, while the rest is eliminated through the bile and intestines. Hyperuricemia can occur due to either increased production of UA or decreased excretion, especially when kidney function is impaired. In fact, CKD is a common cause of secondary hyperuricemia. On the other hand, long-term high UA levels can cause urate crystals to build up in the kidneys, leading to further damage such as chronic urate nephropathy, acute UA nephropathy, and kidney stones. Hyperuricemia is also considered an independent risk factor for the development and progression of CKD. In China, it affects 36.6% to 50.0% of CKD patients, with higher rates in more advanced stages.

Prevalence of CKD associated with Hyperuricemia

CKD associated with hyperuricemia is a growing global health concern, with the number of people affected worldwide increasing from 368.4 million in 2019 to 422.4 million in 2024, representing a CAGR of 2.8%. Such upward trend is expected to continue, with the global population of CKD associated with hyperuricemia projected to reach 547.4 million by 2033, with a CAGR of 2.9% from 2024 to 2033. In China, the prevalence of CKD associated with hyperuricemia rose from 40.1 million in 2019 to 50.5 million in 2024, with a CAGR of 4.7% from 2019 to 2024. The growth is anticipated to accelerate, with the population of CKD associated with hyperuricemia in China expected to reach 95.0 million by 2033, reflecting a CAGR of 7.3% from 2024 to 2033. The following chart sets forth the historical and projected prevalence of CKD associated with hyperuricemia both globally and in China.

Global and China Prevalence of CKD associated with Hyperuricemia, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	4.7%	2.5%	2.8%
2024-2033E	7.3%	2.2%	2.9%



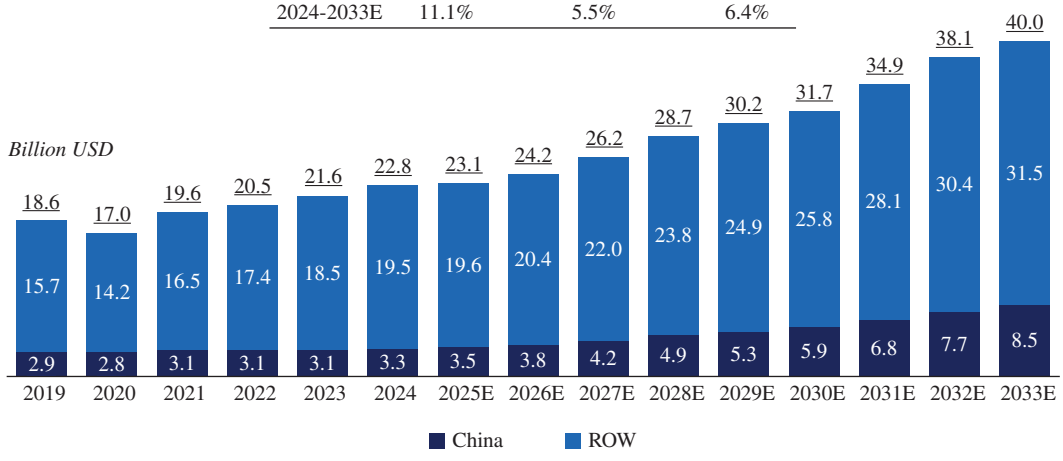
Source: Frost & Sullivan analysis

CKD Drug Market Size

The global CKD drug market has experienced steady growth, rising from US$18.6 billion in 2019 to US$22.8 billion in 2024, representing a CAGR of 4.2%. Going forward, the market is projected to reach US$40.0 billion by 2033 with a CAGR of 6.4% from 2024 to 2033. In China, the CKD drug market grew from US$2.9 billion in 2019 to US$3.3 billion in 2024, with a more modest CAGR of 2.6%. However, the market is expected to expand significantly, reaching US$8.5 billion by 2033 at a CAGR of 11.1% from 2024 to 2033, underscoring the growing healthcare demand and investment in nephrology within the country. The following chart sets forth the historical and projected expansion of the drug market of CKD both globally and in China.

Global and China CKD Drug Market Size, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	2.6%	4.4%	4.2%
2024-2033E	11.1%	5.5%	6.4%



Source: Frost & Sullivan analysis

OVERVIEW OF ATHEROSCLEROSIS DRUG MARKET

Introduction to Atherosclerotic Cardiovascular Disease

Atherosclerosis is a chronic inflammatory condition in which plaques build up in the arteries due to the retention of low-density lipoproteins and remnant lipoproteins. This process, worsened by inflammation in areas of disturbed blood flow, reduces vascular elasticity, impairs blood flow, and leads to chronic hypoxia in vital organs like the heart and brain. Atherosclerotic cardiovascular disease ("**ASCVD**"), a severe form of cardiovascular disease ("**CVD**") caused by atherosclerosis, includes life-threatening conditions, such as heart attacks, strokes, and peripheral arterial disease. The number of ASCVD patients globally increased from 523.1 million in 2019 to 615.2 million in 2024, with a CAGR of 3.3%, and is projected

to reach 796.4 million in 2033, reflecting a CAGR of 2.9% from 2024 to 2033. In China, ASCVD patient number rose from 78.3 million in 2019 to 90.0 million in 2024 at a CAGR of 2.8%, and is expected to further expand to 118.0 million by 2033, with a CAGR of 3.1% from 2024 to 2033.

Risk factors for atherosclerosis include metabolic disorders like hypercholesterolemia, hypertension, and diabetes, as well as lifestyle factors such as smoking, inactivity, obesity, and high-fat diets. Genetic predispositions, including male sex and family history, also increase risk. Although often asymptomatic in its early stages, atherosclerosis progresses with inflammation and plaque buildup, eventually narrowing arteries, reducing blood flow, and causing serious complications like tissue damage, heart attacks, and strokes. The symptoms of atherosclerosis vary based on the location and severity of arterial blockages and can lead to serious conditions, such as coronary artery disease ("**CAD**"), ischemic stroke, and peripheral artery disease ("**PAD**").

CAD

CAD, the most common form of ASCVD, occurs when plaque narrows or blocks coronary arteries, causing myocardial ischemia, angina, or heart attacks, and is a significant cause of illness and death, especially in suburban and rural areas. CAD is a leading global health concern, with its prevalence rising significantly in recent years. From 197.2 million cases in 2019, the number increased to 222.5 million in 2024, representing a CAGR of 2.4%. The prevalence is projected to reach 255.1 million by 2033, growing at a slightly slower CAGR of 1.5% from 2024. In China, the prevalence of CAD in rose from 24.6 million in 2019 to 28.0 million in 2024, with a CAGR of 2.6%. It is expected to continue increasing to 34.0 million by 2033, reflecting a CAGR of 2.2% from 2024.

Stroke

Strokes, particularly ischemic strokes (87% of all strokes), result from blocked blood flow to the brain due to plaque buildup, with symptoms including sudden numbness, confusion, difficulty speaking, and severe headaches. Hemorrhagic strokes, while less common, are often fatal and caused by ruptured blood vessels in or around the brain. The number of stroke cases globally grew from 11.4 million in 2019 to 12.8 million in 2024, with a CAGR of 2.4%, and is expected to continue to grow to 16.0 million in 2033, with a CAGR of 2.5% from 2024 to 2033. Meanwhile, stroke is a major public health concern in China, with its incidence steadily rising over the years. In 2019, there were 4.8 million new stroke cases, which increased to 5.6 million in 2024, reflecting a CAGR of 3.1%. Such upward trend is expected to accelerate, reaching 7.8 million by 2033, with a CAGR of 3.8% from 2024.

PAD

PAD occurs when plaque restricts blood flow to areas like the lower limbs, leading to leg pain, ulcers, and, in severe cases, gangrene, which may require limb amputation if untreated. PAD is a growing global health issue, with its prevalence rising steadily over the years. Globally, the number of PAD cases increased from 271.6 million in 2019 to 322.3 million in 2024, with a CAGR of 3.5%. Such trend is expected to continue, reaching 378.1 million by 2033, though at a slower CAGR of 1.8% from 2024. In China, the prevalence of PAD is also on the rise, growing from 49.8 million in 2019 to 55.4 million in 2024, with a CAGR of 2.2%. By 2033, the number of PAD patients in China is projected to reach 66.4 million, reflecting a CAGR of 2.0% from 2024.

Current Treatment Paradigms for Atherosclerosis and ASCVD

The treatment of atherosclerosis involves both invasive and noninvasive approaches, tailored to the severity of the condition. Invasive treatments, such as angioplasty, stenting, coronary artery bypass grafting, carotid endarterectomy, and thrombectomy, are typically reserved for advanced or severe cases, particularly in CAD. Noninvasive treatments focus on addressing atherosclerosis and its risk factors through lifestyle modifications, including a healthy diet, regular exercise, smoking cessation, and weight management. In addition, medications like statins, antiplatelet drugs, and antihypertensives play a key role in managing cardiovascular risk factors and slowing the progression of the disease, making them essential components of atherosclerosis prevention and control.

Colchicine has emerged as a potential therapeutic option in the management of ASCVD. In June 2023, the FDA approved Lodoco (colchicine 0.5 mg) for a new cardiovascular indication to reduce the risk of myocardial infarction, stroke, coronary revascularization, and cardiovascular death in patients with ASCVD or adults with multiple cardiovascular risk factors. The recommended dosage is 0.5 mg taken orally once daily, with or without food. The 2023 American Heart Association Guideline for the Management of Patients with Chronic Coronary Disease includes colchicine as a potential treatment to reduce recurrent ASCVD events.

Some clinical evidence has demonstrated that colchicine may have promising benefits for ASCVD event reduction, though the clinical data obtained thus far is mixed. The COLCOT trial showed that low-dose colchicine initiated post-myocardial infarction significantly reduced ischemic cardiovascular events with a favorable safety profile. Similarly, the LoDoCo trial reported a 31% reduction in acute cardiovascular events when colchicine was added to standard therapy in stable CAD patients. Supporting these findings, the coronary CTA (computed tomography angiography) study indicated a significant reduction in coronary plaque volume with colchicine.

Competitive Landscape of ASCVD Drug Market

The ASCVD drug market is characterized by a diversified therapeutic approach targeting distinct pathological pathways, with five major drug classes defining the current competitive framework. Lipid-lowering agents, led by statins and novel RNAi therapy inclisiran, dominate first-line interventions by reducing atherogenic lipoproteins, though their inability to address plaque inflammation presents a key limitation. Antihyperglycemics, such as sodium-glucose cotransporter-2 inhibitors and glucagon-like peptide-1 receptor agonists, have emerged as multifactorial modifiers of metabolic dysfunction, while antihypertensives and antiplatelets provide essential hemodynamic and antithrombotic support. Anti-inflammatory therapies like low-dose colchicine, which suppress vascular inflammation to stabilize and regress plaques, also represent recent innovations in the field. However, colchicine is currently the only anti-inflammatory drug approved worldwide for the treatment or prevention of ASCVD, highlighting the scarcity of anti-inflammatory therapies for this indication. The following table sets forth the clinical performance of representative ASCVD drugs.

Clinical Performance of Representative ASCVD Drugs

Drug name	Drug class & dosing frequency	Mechanism of action	Key clinical-trial findings	Drawbacks
Atorvastatin	Statin (QD oral)	HMG-CoA-reductase inhibitor, lowers LDL-C	CARDS: 37 % reduction in major adverse cardiovascular events (MACE); clear clinical benefit	Myalgia, elevated liver enzymes; some patients fail to reach lipid-lowering targets
Rosuvastatin	Statin (QD oral)	HMG-CoA-reductase inhibitor, lowers LDL-C	JUPITER: significant reduction in CV events in patients with elevated hs-CRP	Same as above; high-dose therapy is relatively costly
Ezetimibe	Cholesterol-absorption inhibitor (QD oral)	NPC1L1 inhibitor, reduces intestinal cholesterol absorption	IMPROVE-IT: combined with a statin, further lowered CV events by 6.4 %	Limited LDL-C reduction as monotherapy; gastrointestinal discomfort
Evolocumab	PCSK9 mAb (140 mg SC every 2 wks or 420 mg SC monthly)	Inhibits PCSK9, increases LDL receptors, profound LDL-C lowering	FOURIER-OLE: up to 8.4 yr follow-up, 15–20 % MACE reduction	High cost; injection-site reactions
Alirocumab	PCSK9 mAb (SC every 2 wks)	Inhibits PCSK9, profound LDL-C lowering	ODYSSEY OUTCOMES: median 2.8 yr follow-up, 15 % MACE reduction	High cost; injection-site reactions
Colchicine	Microtubule-polymerization inhibitor (QD oral)	Inhibits NLRP3 inflammasome, broad anti-inflammatory	LoDoCo2: additional 31 % reduction in CV event risk	GI intolerance, hepatic/renal toxicity; requires selecting well-tolerated patients
Canakinumab	IL-1β mAb (not yet approved)	Neutralizes IL-1β, blocks downstream inflammation	CANTOS: additional 15 % CV-event risk reduction	Extremely high cost; infection risk; benefit limited to high-inflammation subgroup
Tocilizumab	IL-6 mAb (not yet approved)	Blocks IL-6 receptor, lowers CRP & inflammatory mediators	Early small trials: plaque-inflammation markers decreased	Potent immunosuppression; serious-infection black-box warning; no large-scale clinical outcome data

Abbreviations: LDL-C = low-density lipoprotein cholesterol; CV = cardiovascular; hs-CRP = high-sensitivity C-reactive protein; NPC1L1 = Niemann-Pick C1-like 1; PCSK9 = proprotein convertase subtilisin/kexin Type 9; NLRP3 = NOD-, LRR- and Pyrin Domain-Containing Protein 3; GI = gastrointestinal; mAb = monoclonal antibody; CRP = C-reactive protein

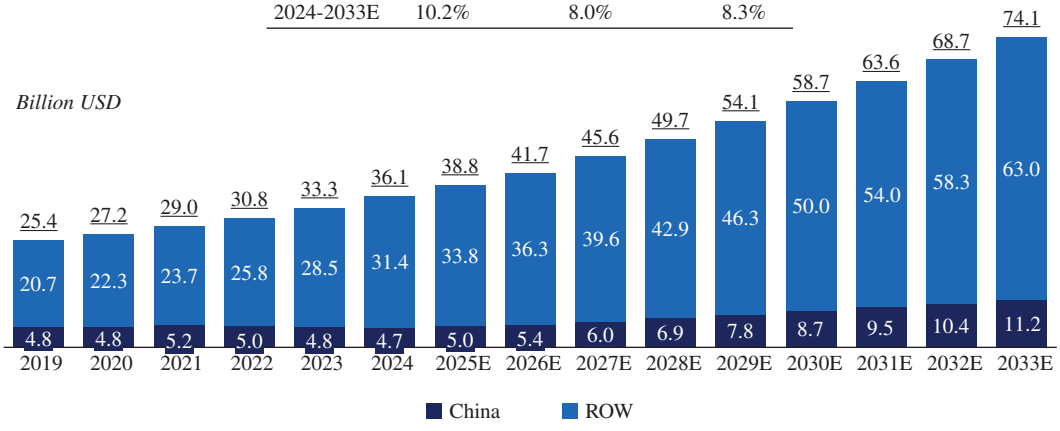
Source: Literature review, Frost & Sullivan analysis

ASCVD Drug Market Size

The global ASCVD drug market expanded from US$25.4 billion in 2019 to US$36.1 billion in 2024, representing a CAGR of 7.2%, and is projected to reach US$74.1 billion by 2033, representing a CAGR of 8.3% from 2024 to 2033. In China, the market declined modestly from US$4.8 billion to US$4.7 billion from 2019 to 2024, primarily attributable to volume-based procurement, but is expected to rebound to US$11.2 billion by 2033, corresponding to a CAGR of 10.2% from 2024 to 2033. The following chart sets forth the historical and projected expansion of the ASCVD drug market both globally and in China.

Global and China ASCVD Drug Market Size, 2019-2033E

Period	CAGR		
	China	ROW	Global
2019-2024	-0.5%	8.7%	7.2%
2024-2033E	10.2%	8.0%	8.3%



Source: Frost & Sullivan analysis

Growth Drivers and Future Trends of ASCVD Drug Market

The primary growth drivers and future trends of ASCVD drug market include:

- *More effective treatment options towards plaque.* Current drug therapy focuses on controlling risk factors for atherosclerosis (e.g., high cholesterol, high blood pressure, high blood sugar, etc.) and stabilizing plaques, but it is difficult to completely remove or significantly shrink formed plaques. For example, although statins can lower low-density lipoprotein cholesterol levels, thereby slowing plaque progression, they have a limited effect on shrinking formed plaques.

- *Innovative drugs changing the therapeutic landscape.* While traditional treatments have focused on cholesterol levels, future research directions may focus more on the role of inflammation in atherosclerosis. For example, drugs that target inflammatory factors such as IL-1β and IL-6, such as canakinumab, have been shown to have potential in reducing the risk of cardiovascular events.

- *Multi-target combination therapy.* In the future, the treatment of atherosclerosis will focus more on multi-targeted joint intervention. For example, simultaneous interventions targeting multiple key aspects of the inflammatory response, lipid metabolism, and protection of endothelial function are expected to more comprehensively block the progression of atherosclerosis.

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the major markets for which our drug candidates are positioned. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the U.S. We have agreed to pay Frost & Sullivan a total fee of approximately RMB0.7 million for the preparation of the Frost & Sullivan Report, and we believe that such fees are consistent with the market rate. The payment of such amount is not contingent upon our successful [**REDACTED**] or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [**REDACTED**].

The market projections in the Frost &Sullivan Report were based on the following key assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the economic and industrial development globally and in China is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. The reliability of the Frost & Sullivan Report may be affected by the accuracy of the foregoing key assumptions.

PRC LAWS AND REGULATIONS OVERVIEW

This section outlines major PRC laws, rules and regulations relating to our business.

Regulatory Departments

The regulators of medical industry in China include the National Medical Products Administration (NMPA), the National Health Commission (NHC), and the National Healthcare Security Administration (NHSA).

The NMPA, a subordinate agency of the State Administration for Market Regulation (SAMR), is a major regulator of medical products, mainly responsible for supervising and managing medical products, medical devices and cosmetics, and designing relevant policies and regulations; responsible for their standards management, registration management, quality management, and post-marketing risk management; directing the supervision and inspection on medical products, medical devices and cosmetics; and responsible for licensed pharmacists eligibility management.

The NHC, a major national level regulator of public health, is mainly responsible for developing national health policies, supervising and managing public health, medical services and health emergency response system, coordinating medical health system reform, formulating national drug policies and national essential drug system, conducting medical products usage monitoring, comprehensive clinical evaluation and early warning of drug shortages, suggesting on national essential drugs pricing policy, and regulating the operation of medical organizations and the licensing of medical workers.

The NHSA, a direct subordinate agency of State Council, is responsible for managing medical security system, for example, developing medical insurance, birth insurance and medical rescue policies and standards and their implementation; supervising and managing medical security fund; formulating uniform medical products, medical consumables and medical service related medical insurance catalogue and payment standards; develop medical products and medical consumables tendering and procurement policies, and their implementation.

LAWS AND REGULATIONS RELATING TO NEW DRUGS

Application for New Drug Registration

Drug registration is a process for the NMPA to review the safety, efficacy, quality controllability and other aspects of applying drug according to the application submitted by the applicant, and determine whether to approve or not. Under the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) issued by the SAMR on January 22, 2020, effective from July 1, 2020, the Administrative Measures for Drug Registration (2020) is applicable to drug development, registration and supervision carried out in China for the purpose of drug marketing. According to the Administrative Measures for Drug Registration (2020), drug registration is a series of activities, for example, the applicant files an application

for drug clinical trial, drug marketing permit, re-registration and others pursuant to legal procedures and related requirements, while the regulator reviews the safety, efficacy and quality controllability of the applying drug based on laws, regulations and existing science, and determines whether to approve or not. The drug registration certificate is valid for 5 years, during which the holder shall continuously ensure the safety, efficacy and quality controllability of the marketed drug, and apply for its re-registration at least 6 months before expiry.

Non-clinical Study and Animal Testing

The non-clinical safety evaluation for drug marketing application shall be conducted under the Good Laboratory Practice (《藥物非臨床研究質量管理規範》) issued by the China Food and Drug Administration ("CFDA") in August 2003, newly revised by the CFDA in July 2017 and effective from September 1, 2017. The Administrative Measures for Good Laboratory Practice Certification (《藥物非臨床研究質量管理規範認證管理辦法》) issued by the CFDA in April 2007 clarify the provisions for organizations applying for Good Laboratory Practice (GLP) certification. On January 19, 2023, the NMPA revised the Administrative Measures for GLP Certification, effective from July 1, 2023.

According to the Regulations on the Administration of Laboratory Animals (《實驗動物管理條例》) issued by State Science and Technology Commission (SSTC) in November 1988 and latest revised by State Council in March 2017, the Measures for the Quality Control of Laboratory Animals (《實驗動物質量管理辦法》) jointly issued by the SSTC and the State Bureau of Quality and Technical Supervision in December 1997, and the Measures for the Administration of Laboratory Animal Licenses (Trial) (《實驗動物許可證管理辦法(試行)》) issued by the Ministry of Science and Technology and other regulatory departments in December 2001 and effective from January 2002, in order to use laboratory animal or related products, one should obtain the license for laboratory animal use. The license will be valid for 5 years, and the holder shall apply for renewal within 6 months before expiry. The license is subject to annual inspection by local department/commission/bureau of science and technology.

Clinical Trial Application

After pre-clinical study, applicant shall carry out drug clinical trial with the approval of the NMPA, before a new drug clinical trial. According to the Decision on Adjusting the Approval Procedures for Administrative Examination and Approval Items of Certain Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) issued by CFDA on March 17, 2017 and effective from May 1, 2017. Since May 1, 2017, drug clinical trial approval shall be made by the Center for Drug Evaluation (CDE) in the name of CFDA. Under the Drug Administration Law of the People's Republic of China ("Drug Administration Law"), in order to conduct drug clinical trial, one should submit relevant new drug R&D materials required by State Council drug regulator, including development methods, quality indicators, pharmacological and toxicological test results and other related data, information and samples, to the State Council drug regulator for approval.

State Council drug regulator shall decide whether to approve the application or not within sixty (60) working days after receiving the clinical trial application, and notify the applicant of its decision. Failure to notify will be deemed as approval. Among them, any bioequivalence test shall be reported to State Council drug regulator for filing.

Before clinical trial, applicant shall submit a series of detailed documents to the NMPA. According to the Announcement on the Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》) effective from September 2013 and the Regulatory Specifications for Drug Clinical Trials Registration and Information Disclosure (Trial) (《藥物臨床試驗登記與信息公示管理規範(試行)》) effective from July 2020, any applicant who has obtained the NMPA approval to conduct clinical trial in China shall complete the clinical trial registration and information disclosure on the drug clinical trial information platform. Applicant shall complete the trial pre-registration within 1 month from approval, to obtain the trial exclusive registration number; complete subsequent information registration before the first subject enters in the group, and shall submit for publicizing for the first time.

With clinical trial approval, applicant shall select an eligible institution to conduct clinical trial. According to the Regulations for the Administration of Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》) effective from December 2019, a drug developer in order to conduct drug clinical trial in China with NMPA approval, including bio-equivalence test after archiving, shall conduct so in a drug clinical trial institution. Drug clinical trial institutions shall be shall be subject to filing administration. Institutions that only engage in analysis of biological samples related to drug clinical trials shall not be subject to filing. The NMPA is responsible for setting up a filing management information platform for drug clinical trial institutions for registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information on supervision and inspection of the drug regulatory authority and competent healthcare authority.

Implementation of Clinical Trial

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), a clinical trial includes phase I, phase II, phase III, phase IV and bio-equivalence trials:

To conduct drug clinical trial, applicant shall obtain the consent of ethics committee. The drug used in clinical trial shall be managed at the requirements of Good Clinical Practice (GCP) (《藥物臨床試驗質量管理規範》). Before conducting subsequent phased drug clinical trials, the approved applicant shall develop drug clinical trial plans, subject to consent of ethics committee, and shall submit relevant drug clinical trial plans and supporting materials to the website of CDE.

New drug applying for registration shall be subject to clinical trial pursuant to the GCP issued by NMPA and NHC and effective from July 1, 2020.

The GCP, by reference to internationally recognized principles, specifies the standards for the entire clinical trial procedure, including pre-clinical trial preparation and necessary conditions, protection of subject rights and interests, trial protocol, duties of investigators, duties of applicants, duties of inspectors, trial records and reports, data management and statistical analysis, trial drug management, quality assurance, and multi-center trials.

According to the NMPA Announcement on Adjusting Drug Clinical Trial Review and Approval Procedures (《國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告》), with approval for new drug clinical trial, applicant shall file an application for communication and exchange meeting with the CDE after phase I and phase II clinical trials and before Phase III clinical trial, to discuss with the CDE on critical technical issues including the phase III clinical trial design. Applicant may also file communication application at different stages of clinical trials, in respect of critical technical issues.

According to the Administrative Measures for Drug Registration, applicant may communicate with the CDE concerning important issues, before drug clinical trial application, during drug clinical trial and before drug marketing permit application or other critical stages. According to the Administrative Measures for Communication of Drug R&D and Technical Review (《藥物研發與技術審評溝通交流管理辦法》) issued by CDE on December 10, 2020, applicant may propose communication meeting with the CDE during drug R&D and registration application. There are 3 categories of communication meetings: Category I meeting, to be held for important safety problems found in drug clinical trial or important technical problems found in breakthrough therapeutic drug R&D; Category II meeting, to be held at critical stage of drug R&D, mainly including the meeting before new drug clinical trial application, the meeting before initiating phase III clinical trial but after phase II clinical trial, the meeting before new drug marketing permit application, and the meeting for new drug risk assessment and control; Category III meeting, other than Category I and Category II.

New Drug Application

According to the Administrative Measures for Drug Registration, applicant shall, after completing the pharmaceutical, pharmacological, toxicological and drug clinical trial studies supporting drug marketing registration, determining quality standards, completing commercial-scale production process verification, and preparing for drug registration verification and inspection, file the application for drug marketing permit, and submit related study materials as required by the application materials. After formal review of application materials, the conforming application will be received. For generic drugs, in vitro diagnostic reagents under drug management, and other eligible events, if the applicant assesses that drug clinical trials are unnecessary or impracticable, and meet the conditions for drug clinical trial exemption, the applicant may directly file an application for drug marketing permit. The technical guidance and specific requirements for drug clinical trial exemption shall be developed and published by the CDE.

The CDE shall organize pharmaceutical, medical and other technical personnel to review the received drug marketing permit applications as required. After comprehensive evaluation, if the result is passed, the drug marketing will be approved, and the drug registration certificate will be issued. If the result is failed, it will be rejected. The drug registration certificate contains drug approval document number, holder, manufacturer and other information.

Drug registration verification refers to the verification on development site and manufacturing site to verify the integrity, consistency of application materials and the commercial production conditions for drug marketing, as well as additional verification (if necessary) on the manufacturers, suppliers or other entrusted institutions of chemical APIs, excipients and packaging materials and containers that are in direct contact with drugs involved in drug registration applications.

CDE will decide whether to carry out on-site verification of drug registration and development based on risks according to the degree of drug innovation and the previous verification of drug research institutions.

CDE will decide whether to initiate on-site verification of drug registration based on risks according to factors such as the variety, process, facilities, and past verification status of the applying registration. For innovative drugs, improved new drugs, and biological products, CDE will verify the manufacturing site and inspect the Good Manufacturing Practice (GMP) before marketing. For generic drugs etc., considering whether the applicant has obtained the drug manufacturing license with corresponding scope and whether the same dosage product has been marketed, CDE will verify the manufacturing site and inspect the GMP before marketing based on risks.

After receiving the drug registration application, CDE shall make initial review within forty (40) working days, and if manufacturing site verification is required, CDE shall notify the Center for Food and Drug Inspection of NMPA ("CFDI") for inspection, provide relevant materials required for inspection, and meanwhile notify the applicant and the local drug regulators of the province, region or municipality where the applicant or its manufacturer is located. In principle, the CFDI shall complete the inspection forty (40) working days before expiry of the review period, and report the verification status, results and other related materials to CDE.

Drug registration inspection includes standard review and sample inspection. Standard review is laboratory evaluation on the scientificity of the specific item in the applicant's drug standards, the feasibility of inspection methods, the rationality of quality control indicators and others. Sample inspection is laboratory inspection on the samples according to the applicant's or the CDE verified drug quality standards.

The review period for drug marketing permit application is two hundred (200) working days, including the review period for preferred review procedure being one hundred and thirty (130) working days, and the review period for clinical urgent overseas marketed rare disease medicine preferred review procedure being seventy (70) working days.

The following time is not included in the review period: (i) the time occupied for applicant to provide additional information, rectify upon inspection and verify the manufacturing process, quality standards and instructions as required; (ii) the time spent to delay the verification, inspection or expert consulting etc. at the fault of applicant; (iii) the time occupied to suspend the review/approval procedure, given the review/approval procedure should be suspended at law; and (iv) the time occupied by overseas verification, given overseas verification is initiated.

Drug Review and Approval System Reform

State Council published the Opinions on Reforming the Review and Approval System for Drugs and Medical Devices (《關於改革藥品醫療器械審評審批制度的意見》) ("Reform Opinions") in August 2015, providing a framework for reforming drug review and approval system, and clarifying the missions to increase the drug registration approval standards and expedite the innovative drug review and approval procedure.

CFDA published the Announcement on Several Policies for Drug Registration Review and Approval (《關於藥品註冊審評審批若干政策的公告》) ("Announcement on Several Policies") in November 2015, further explaining the methods and policies to simplify and expedite approval process on the basis of Reform Opinions.

According to the Decision on Adjusting the Approval Procedures for Administrative Examination and Approval Items of Certain Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) issued by CFDA in March 2017 and effective from May 2017, CDE will directly make drug clinical trial approval decision (including homemade and imported drugs), drug additional application approval decision (including homemade and imported drugs) and imported drug re-registration approval decision.

The Breakthrough Therapeutical Drug Review Procedures (Trial) (《突破性治療藥物審評工作程序(試行)》), the Review and Approval Procedures for Conditional Approval of Drug Marketing Applications (Trial) (《藥品附條件批准上市申請審評審批工作程序(試行)》), and the Drug Marketing Permit Preferred Review and Approval Procedures (Trial) (《藥品上市許可優先審評審批工作程序(試行)》) issued by the NMPA in July 2020 and effective from July 2020 shall replace the Opinions on Preferred Review and Approval to Encourage Drug Innovation (《關於鼓勵藥品創新實行優先審評審批的意見》) published by CFDA in December 2017 and effective from December 2017, to further clearly expedite the drug registration procedure.

New Drug Administrative Protection and Monitoring Period

According to the Regulations for Implementation of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》) published on December 6, 2024 and operable from January 20, 2025, and the Work Plan for the Reform of Chemical Drug Registration and Classification (《化學藥品註冊分類改革工作方案》) published on March 4, 2016, the NMPA may monitor the Category 1 new drugs approved for

the sake of public health protection, for a period of 5 years starting from the date of approval, to continuously monitor the safety of new drugs. During the new drug monitoring period, the NMPA shall not approve the application from other enterprise to manufacture or import such drug.

Regulations on International Multi-center Clinical Trials and Acceptance of Overseas Clinical Trial Data

According to the Notice on Publishing International Multi-center Drug Clinical Trials Guidance (Trial) (《關於發布國際多中心藥物臨床試驗指南(試行)的通告》) ("Multi-center Clinical Trials Guidance") issued by the CFDA on January 30, 2015 and effective from March 1, 2015, for international multi-center drug clinical trials, applicant may conduct clinical trials according to the same clinical trial program at different centers at the same time. When planning and conducting international multi-center drug clinical trials in China, the applicant shall comply with the Drug Administration Law (《藥品管理法》), the Regulations for the Implementation of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》), the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) and other laws, regulations and requirements, and perform Chinese Good Clinical Practice (GCP) (《藥物臨床試驗質量管理規範》), refer to ICH and other international principles, and meanwhile satisfy the legal and regulatory requirements of other countries involved in the international multi-center drug clinical trials. If the applicant plans to use the international multi-center drug clinical trial data in drug registration in China, then this may at least involve two countries including China, and shall comply with the Multi-Center Clinical Trials Guidance (《多中心臨床試驗指南》) and other provisions relating to clinical trials in relating laws and regulations.

According to the Opinions on Deepening the Reform of the Review and Approval System and Encouraging the Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) published on October 8, 2017 and operable from then, the clinical trial data obtained from overseas multi-centers, if meeting the requirements of drug or medical device registration in China, may be used for registration application in China.

According to the Technical Guidelines for Receiving Drug Overseas Clinical Trial Data (《接受藥品境外臨床試驗數據的技術指導原則》) published by the NMPA on July 6, 2018, the basic principles for receiving overseas clinical trial data are: (i) applicant shall ensure the authenticity, completeness, accuracy, and traceability of overseas clinical trial data; (ii) the production process of overseas clinical trial data shall meet the ICH-GCP requirements; (iii) applicant shall ensure the overseas clinical trial design is scientific, the clinical trial quality management system meets the requirements, and the data statistical analysis is accurate and complete; and (iv) in order to ensure that the clinical trial design and statistical analysis are scientific and reasonable, for drugs that are developed simultaneously at home and abroad and will be tested in China, the applicant can communicate with the CDE before implementing the registered clinical trial to ensure that the design of the registered clinical trial meets the basic technical requirements of drug registration in China.

Marketing Permit Holder System

According to the Drug Administration Law and the Administrative Measures for Drug Registration, China exercises drug marketing permit holder system for drug management. After obtaining the drug registration certificate, applicant will become the drug marketing permit holder. During the effective period, the holder shall ensure the safety, efficacy and quality controllability of marketed drugs continuously, and apply for re-registration 6 months before expiry.

The drug marketing permit holder (the "holder") shall actively conduct drug post-marketing research, to further confirm the safety, efficacy and quality controllability of drugs, and strengthen the continuous management of marketed drugs. If the holder is required by the certificate and attachment to conduct relevant post-marketing research, the holder shall complete the research by deadline and as required submit additional application, archiving or report. After approved, the holder shall continuously conduct drug safety and efficacy studies, timely archive based on data or submit additional application for instructions revision, to continuously update and improve the instructions and labels. Drug regulators may duly require the holder to revise the instructions and labels according to the negative effects monitoring and post-marketing evaluation results.

Holder shall apply for re-registration 6 months before expiry of drug registration certificate. For drugs manufactured in China, holder shall apply with local drug regulator of the province, region or municipality where the holder is located. For drugs manufactured outside China, holder shall apply with the CDE.

National Medical Insurance Drug Catalogue

The participants of national medical insurance scheme and their employers (if any) shall contribute to the insurance fund every month. Participants may be fully or partially reimbursed for the drug expense included in the medical insurance catalogue. The Notice to Print and Distribute Urban Workers Basic Medical Insurance Medication Scope Management Methods (Tentative) (or "Medical Insurance Notice") (《關於印發<城鎮職工基本醫療保險用藥範圍管理暫行辦法>的通知》) (或《醫保通知》) jointly issued by the Ministry of Labor and Social Security of the People's Republic of China, the National Development and Reform Commission and other government departments on May 12, 1999 stipulates that drugs included in the medical insurance catalogue should be clinically necessary, safe and effective, reasonably priced, convenient to use, and with guaranteed market supply.

National Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance Drug Catalogue (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) stipulates the criteria of medicine expense payment from the basic medical insurance, work-related injury insurance and maternity insurance funds. National Healthcare Security Administration (NHSA) and other governmental authorities have the right to determine the drugs to be included in the national medical insurance drug catalogue. The drugs in the catalogue are divided in two

categories: Category A and Category B. Category A drugs are widely used in clinical treatment, with good efficacy, at lower prices than similar drugs; Category B drugs are selectively used in clinical treatment, with good efficacy, and slightly more expensive than Category A drugs in the same kind.

The latest national medical insurance drug catalogue jointly published by NHSA and the Ministry of Human Resources and Social Security of the People's Republic of China (MOHRSS) on November 28, 2024 (effective from January 1, 2025) expands the drug coverage to 3,159 drugs in total. The inclusion in the catalogue may promote drug sales, and reduce drug prices (as the case may be, and to be negotiated on the basis of initial price and other factors).

NHSA published the Basic Medical Insurance Medication Management Methods (Tentative) ("National Medical Insurance Drug Catalogue Management Methods") (《基本醫療保險用藥管理暫行辦法》) ("《國家醫保藥品目錄管理辦法》") on July 30, 2020 became effective from September 1, 2020. The National Medical Insurance Drug Catalogue Management Methods provide directive opinions on the determination and adjustment of catalogue scope, the payment, management and supervision of basic medical insurance medication and others. The National Medical Insurance Drug Catalogue Management Methods stipulate that a dynamic adjustment mechanism for the list shall be established and improved, with adjustments to be made, in principle, once a year.

HGR Gathering, Collection and Archiving

Interim Measures for the Administration of Human Genetic Resources (HGR) (《人類遺傳資源管理暫行辦法》) provide for the effective protection and rational utilization of China's human genetic resources. According to the Administrative Licensing Matters Service Guide for HGR Gathering, Collection, Trading, Export and Departure (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) published by the MOST in July 2015 and the Notice of Implementation of Administrative Licensing for HGR Gathering, Collection, Trading, Export and Departure (《關於實施人類遺傳資源採集、收集、買賣、出口、出境審批行政許可的通知》) published by the MOST in August 2015, foreign invested applicant in order to gather or collect human genetic resources through clinical trials shall file to China Human Genetic Resources Management Office through online system. The Notice to Optimize HGR Administrative Approval Procedure (《關於優化人類遺傳資源行政審批流程的通知》) published by the MOST in October 2017 (effective from December 2017) simplifies the HGR gathering and collection approval procedure required for marketing in China. The Notice to Update HRG Administrative Licensing Matters Service Guide, Archiving and Early Reporting Scope and Procedure (《關於更新人類遺傳資源行政許可事項服務指南、備案以及事先報告範圍和程序的通知》) issued by the MOST on July 14, 2023 (effective from July 14, 2023) further streamlines the approval procedure for HGR gathering and collection required for drug marketing in China.

According to the Administrative Regulations on Human Genetic Resources of the People's Republic of China (《中華人民共和國人類遺傳資源管理條例》) issued by State Council in May 2019, revised in March 2024 and effective from May 1, 2024, China supports

rational utilization of human genetic resources to conduct scientific research, develop biomedical industry, increase diagnostic and therapeutic skills, increase China's biosecurity ability, and increase people's health security level. A foreign entity or individual person or the organization established or actually controlled by it shall not gather or store Chinese human genetic resources in China, or provide Chinese human genetic resources to outside of China. In addition, the gathering, storage, utilization and outbound provision of Chinese human genetic resources shall: (i) comply with ethical principles, and have ethic review at national requirements; (ii) respect the privacy of HGR provider, obtain its prior knowing consent, and protect is legitimate rights and benefits; and (iii) perform the technical specifications prepared by State Council health regulator.

The Standing Committee of the National People's Congress issued the Biosecurity Law of the PRC on October 17, 2020, which was newly revised and came into effect on April 26, 2024. It establishes a comprehensive legal framework for existing laws and regulations in the fields of: epidemic prevention and control of infectious diseases in humans, animals and plants; research, development and application of biotechnology; biosecurity management of pathogenic microorganism laboratories; safety management of human genetic and biological resources; response to microbial resistance; and the prevention of bio-terrorist attacks and the threat of biological weapons. According to the Biosecurity Law, high-risk and medium-risk biotechnology R&D activities shall be carried out by legal entities established in China at law, and shall be approved or archived at law. The establishment of pathogenic microorganism laboratories shall be approved or archived at law. In addition, (i) the gathering human genetic resources of China's important genetic families, human genetic resources in specific regions, or human genetic resources of the types and quantities specified by State Council health regulator, (ii) the storage of China's human genetic resources, (iii) the utilization of China's human genetic resources to carry out international scientific research cooperation, or (iv) the transportation, mailing, and carrying of China's human genetic resources materials shall be approved by the health regulator.

The Implementing Rules for the Regulation on Human Genetic Resources Administration ("Implementing Rules") (《人類遺傳資源管理條例實施細則》) ("《實施細則》") were published by the MOST on May 26, 2023 and effective from July 1, 2023. Implementing Rules further provide for China's HGR management in details below:

(a) clarify HGR information scope, including human genes, genome data and other information materials generated by HGR materials, excluding clinical data, imaging data, protein data and metabolic data.

(b) clarify the criteria for overseas organizations, for example, (i) any overseas entity or person that directly or indirectly holds over 50% shares, equities, voting rights, property shares or other similar rights and benefits of an institution; (ii) any overseas entity or person that directly or indirectly holds less than 50% shares, equities, voting rights, property shares or other similar rights and benefits of an institution, but enjoys the voting rights or other rights and benefits sufficient to manipulate or exert great influence on the institution's decision, management and

other behaviors; (iii) any overseas entity or person sufficient to manipulate or exert great influence on the institution's decision, management or other behaviors through investment relations, agreements or other arrangements; and (iv) other events according to laws, regulations or statutes.

(c) list events that may require security review, including: (i) HGR information of significant genetic families; (ii) HGR information in specific regions; (iii) Exome sequencing and genome sequencing information resources with more than 500 cases; and (iv) other events that may affect China's public health, national security, and social public interests.

GCP Certification and GCP Compliance

To improve clinical trial quality, the NMPA and the NHC jointly published the Good Clinical Practice (GCP) in April 2020 (effective from July 1, 2020), for the purpose of ensuring the drug clinical trial process is standard, the results are scientific and reliable, and protecting the benefits and safety of subjects. According to the Opinions on Deepening the Reform of the Review and Approval System and Encouraging the Innovation of Drugs and Medical Devices published by the General Office of the CPC Central Committee and the State Council in October 2017, the clinical trial institution's qualification will be archived. Clinical trial shall comply with GCP and the scheme approved by the ethics committee of every research center.

LAWS AND REGULATIONS CONCERNING DRUG MANUFACTURERS

Drug Manufacturing Permit

According to the Drug Administration Law published by the Standing Committee of the National People's Congress in September 1984, latest revised in August 2019 and effective from December 2019, China sets industrial entry permission system for drug manufacturers. A drug manufacturer shall obtain the Drug Manufacturing Permit (《藥品生產許可證》) with the approval from local people's government of the province, region or municipality where it's operating. The Drug Manufacturing Permit shall specify the effective period and manufacturing scope, and shall be reissued upon expiry after review.

Good Manufacturing Practice (《藥品生產質量管理規範》)

Prior to December 1, 2019, newly established drug manufacturers, drug manufacturers who build new drug production workshops or new production dosage forms shall apply to the drug regulator for Good Manufacturing Practice Certification (GMP Certification) as required. Those who comply with the GMP will obtain the GMP certificate. According to the Announcement on Implementation of the Drug Administration Law of the PRC (《關於貫徹實施<中華人民共和國藥品管理法>有關事項的公告》) and the Drug Administration Law published by the NMPA on November 29, 2019, the GMP and Good Supply Practice (GSP) (《藥品經營質量管理規範》) certifications are canceled, and no further GMP or GSP certification application will be handled, and no more GMP or GSP certificate will be issued.

Drug manufacturers shall comply with GMP, establish a sound GMP management system, and ensure the drug manufacturing process continuously meets legal requirements, and meets the GMP requirements duly set by State Council drug regulator. The legal representative, principal of drug manufacturer shall be fully responsible for its drug manufacturing activities.

The GMP published by the Ministry of Health of the People's Republic of China ("MOH", currently NHC) in March 1988, revised in January 2011 and effective from March 1, 2011 provides for the drug manufacturers' quality management, organization and staffing, factory and facility, materials and products, confirmation and validation, documentation, production management, quality control and quality assurance, entrusted manufacturing and entrusted inspection, product delivery and recall etc.

LAWS AND REGULATIONS CONCERNING DRUG OPERATION

Under the Drug Administration Law, one without drug operating permit shall not operate drugs, including drug distribution and retailing. The drug operating permit shall specify the effective period and business scope, and shall be reissued upon expiry after review.

Under the Measures for the Supervision and Administration of Drug Quality in Operation and Usage (《藥品經營和使用質量監督管理辦法》) effective from January 1, 2024, the drug operating permit is effective for 5 years. The holder of drug operating permit shall apply for renewal 6 to 2 months before expiry.

Good Supply Practice ("GSP Rules") was updated on July 13, 2016 and became effective since then. GSP Rules are the basic standards for drug supply management, applicable to drug operators in China, which requires strict control over the drugs operated by drug suppliers, covering staff qualification, business place, warehouse, testing equipment and facilities, management and quality control among other standards. Under the Drug Administration Law, drug supplies no longer need GSP certification, but they shall still comply with GSP Rules.

OTHER LAWS AND REGULATIONS CONCERNING MEDICAL INDUSTRY

Basic Medical Insurance Policies

According to the Decision on Establishing a Basic Medical Insurance System for Urban Employees (《關於建立城鎮職工基本醫療保險制度的決定》) published by State Council on December 14, 1998, and the Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance for Urban Employees (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) published by NDRC, CFDA and other authorities and effective from May 12, 1999, all urban employers, including corporations (state-owned, collective, foreign invested, private etc.), organs, public services, social groups. Civil non-corporate entities and employees, shall participate in basic medical insurance scheme. According to the Directive Opinions on Piloting Urban Residents' Basic Medical Insurance (《關於開展城鎮居民基本醫療保險試點的指導意見》) published by State Council on July 10, 2007, the urban residents not engaged in medical industry may participate in urban residents' basic medical insurance

scheme. The Opinions of the State Council on Integrating the Basic Medical Insurance Systems of Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) published by State Council on January 3, 2016 establishes a unified basic medical insurance system for urban and rural residents, including existing urban residents medical insurance and all rural participants in the new type rural cooperative medical system, that is, covering all other urban and rural residents than the participants in the basic medical insurance for employees.

Medical Insurance Catalogue

Pursuant to the Interim Measures for the Administration of the Drug Scope under the Basic Medical Insurance for Urban Employees (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the medication scope of basic medical insurance is managed under medical insurance catalogue. The drugs included in medical insurance catalogue should be clinically required, safe and effective, reasonably priced, easy to use, with secure supply, and meeting one of the following conditions: being contained in the Pharmacopoeia of the People's Republic of China (current version); meeting the NMPA standards; formally imported with NMPA approval. According to the Opinions of the National Health Security Administration and the Ministry of Finance on Establishing a Medical Security Benefit List System (《國家醫保局、財政部關於建立醫療保障待遇清單制度的意見》) effective from January 2021, every region shall strictly perform the national medical insurance drugs catalogue, and unless otherwise specified, shall not add any drug to the catalogue by designing the catalogue on its own or by necessary modifications, and shall not adjust the confined payment scope within the catalogue on its own. After adjustments, the prevailing medical insurance catalogue is the Drug Catalogue for National Basic Medical Insurance, Work-related Injury Insurance, and Maternity Insurance (2024) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2024年)》) effective from January 1, 2025.

Drug Price

Under the Drug Administration Law, drug prices are adjustable on market, where the drug marketing permit holders, drug manufacturers, drug operators and medical centers shall determine the price in the principles of fairness, rationality, sincerity and credibility, quality-price consistence and others, to supply users with affordable drugs; and shall obey the drug price administrative requirements by State Council drug price regulator, design and label the drug retail price. According to the Notice on Issuing the Opinions on Advancing the Reform of Drug Prices (《關於印發<推進藥品價格改革意見>的通知》) jointly published by NDRC, NHC, MOHRSS, Ministry of Industry and Information Technology (MIIT), Ministry of Finance of the People's Republic of China (MOF), Ministry of Commerce of the People's Republic of China (MOFCOM) and CFDA on May 4, 2015 and effective from June 1, 2015, the drug prices developed by the government are abolished except for narcotic drugs and Category I psychotropic drugs, from June 1, 2015.

Hospital Drug Procurement

According to the Directive Opinions on Urban Medical and Health System Reform (《關於城鎮醫藥衛生體制改革的指導意見》) published on and effective from February 16, 2000 and the Implementing Opinions on Urban Medical Centers Categorized Management (《關於城鎮醫療機構分類管理的實施意見》) published on July 18, 2000 and effective from September 1, 2000, all medical centers shall define itself as profit or nonprofit entity at the time of establishment. A nonprofit medical center is a medical center established for the benefit of social public, whose revenue is used to maintain and develop the center, while a profiting medical center is established for return of investment. Chinese government has not established any profiting medical center, while non-governmental entities may establish profiting medical centers. Under the PRC laws, any nonprofit medical center shall procure any drug with centralized tendering system, and any profiting medical center is not required to use such system.

According to the Notice on Issuing Several Requirements for Piloting the Drug Centralized Tendering and Procurement of Medical Institutions (《關於印發醫療機構藥品集中招標採購試點工作若干規定的通知》) published on and effective from July 7, 2000, the Notice on Further Improving the Centralized Drug Tendering and Procurement for Medical Institutions (《關於進一步做好醫療機構藥品集中招標採購工作的通知》) published on and effective from August 8, 2001, and the Opinions on Further Standardizing the Drug Centralized Procurement of Medical Institutions (《關於進一步規範醫療機構藥品集中採購工作的意見》) published on and effective from January 17, 2009, any nonprofit medical center established and/or controlled by any county or above level government shall procure the drugs listed in the National Drug Catalog for Basic Medical Insurance (《國家基本醫療保險藥品目錄》) and general clinical purpose drugs and batch drugs through the centralized tendering system.

The Specifications for Drugs Centralized Procurement of Medical Institutions (《醫療機構藥品集中採購工作規範》) published on and effective from July 7, 2010 specifies the drug centralized procurement catalogue and procurement manner, centralized procurement procedure, comment manner, experts library building and management, further normalizes drug centralized procurement and clarifies the code of conducts of drug centralized procurers. According to the Specifications for Drugs Centralized Procurement of Medical Institutions, a nonprofit medical center established by county and above level people's government or state-owned enterprise (including state-controlled enterprise) shall participate in drug centralized procurement of medical centers. Every provincial (regional or municipal) centralized procurement managing body shall prepare local drug procurement catalogue for medical centers, which shall not include the narcotic drugs and Category I psychotropic drugs under special management, and which may not include Category II psychotropic drugs, medical radioactive drugs, medical toxic drugs, APIs, traditional Chinese medicinal materials and traditional Chinese medicine decoction pieces and other drugs.

According to the Guiding Opinions of the General Office of the State Council on Improving the Centralized Procurement of Drugs in Public Hospitals (《國務院辦公廳關於完善公立醫院藥品集中採購工作的指導意見》) published on and effective from February 9, 2015, China will improve the centralized procurement of drugs in public hospitals, by drug classified procurement. All drugs used in public hospitals (excluding traditional Chinese medicine decoction pieces) shall be purchased through the provincial level centralized drug procurement platform. The provincial level drug procurement agency shall summarize the procurement plan and budget reported by the hospitals, reasonably prepare the drug procurement catalogue of local hospitals, and classify the drugs through tendering and procurement, the drugs through negotiation, the drugs through direct procurement by hospitals or the drugs by designated production.

Procurement with Volume

On November 15, 2018, the Joint Procurement Office issued the 4+7 Cities Centralized Drug Procurement Document (《4+7城市藥品集中採購文件》) (the "Document") to launch the National Centralized Drug Tendering Pilot Plan with Minimum Procurement Volume. The pilot plan will be conducted in 11 cities, including Beijing, Tianjin, Shanghai, Chongqing, Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xi'an ("4+7 Cities").

On January 1, 2019, the Notice of the General Office of the State Council on the Issuance of the Pilot Program for National Centralized Drug Procurement and Use (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》), detailing the measures for implementing national centralized drug tendering pilot plan with minimum procurement volume in 4+7 cities.

In principle, each pilot drug variety covered by the pilot program for centralized drug procurement and medication shall be selected from the generic drugs that have passed the quality-efficacy consistency evaluation.

Different procurement methods will be adopted according to the quantity of eligible drug manufacturers: if there are three or more drug manufacturers eligible, the tendering and procurement will be adopted; if there are two drug manufacturers, the agreed procurement will be adopted; if there is only one drug manufacturer, the negotiated procurement will be adopted.

According to the Implementing Opinions on Expanding Regional Scope of the Pilot Program for National Centralized Drug Procurement and Use (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》) published on and effective from September 25, 2019 and the National Drugs Centralized Procurement Document (GY-YD2021-1) (《全國藥品集中採購文件》) published by Joint Procurement Office on January 15, 2021, the drug centralized procurement program extends to nationwide. The drug centralized procurement with volume program will operate across China. Eligible participants include all drug manufacturers, general distributors of imported drugs and marketing permit holders who have the drugs covered by the centralized procurement program.

NHSA, NHC, NMPA, MIIT and the Logistics Support Department of the Central Military Commission jointly published the Notice on Conducting the Second Batch of National Centralized Drug Procurement and Use (《關於開展第二批國家組織藥品集中採購和使用工作的通知》) ("Notice") effective from January 13, 2020, which clarified several principles for China to perform drug centralized procurement, to facilitate overall deepening reform, and establish the standard, normalized nationwide drug centralized procurement program. The Joint Procurement Office published the National Drugs Centralized Procurement Document (GY-YD2020-1) on July 29, 2020, to initiate a new batch of centralized procurement of eligible drugs.

On January 22, 2021, the General Office of State Council published the Opinions on Furthering the Normalization and Institutionalization of Drug Centralized Procurement with Volume (《關於推動藥品集中帶量採購工作常態化制度化開展的意見》), pointing out that multiple measures would be adopted to push the normalization and institutionalization of national drug centralized procurement with volume. All public medical centers should take part in drug centralized procurement with volume. Future procurement catalogue will include the catalogue-covered drugs with huge market demand and significant procurement amount, and may possibly cover various drugs marketed in China which are clinically required and reliable in quality.

On November 18, 2024, NHSA and NHC jointly published and operated the Notice on Improving Drug Centralized Procurement with Volume and the Implementing Work Mechanism (《關於完善醫藥集中帶量採購和執行工作機制的通知》), proposing the following measures in order to guide medical centers and medical enterprises to comply with and support the drug centralized procurement with volume mechanism: (i) hospitalization of selected drugs and consumables; (ii) higher management level of selected drugs and consumables; (iii) reservation of balance after centralized procurement; and (iv) discussion on medical service price linkage etc.

Joint Procurement Office published the National Drugs Centralized Procurement Document (GY-YD2022-1) dated June 20, 2022, the National Drugs Centralized Procurement Document (GY-YD2023-1) dated March 2, 2023, the National Drugs Centralized Procurement Document (GY-YD2023-2) dated on October 13, 2023, the National Drugs Centralized Procurement Document (GY-YD2024-1) dated March 29, 2024, the National Drugs Centralized Procurement Document (GY-YD2024-2) dated November 22, 2024, to conduct the 6th batch (exclusive for insulin), the 7th batch, the 8th batch, the 9th batch and the 10th batch of drug centralized procurement.

Drug Circulation and Two-Invoice System

According to the Implementing Opinions to Promote "Two-invoice System" in the Drug Procurement of Public Medical Centers (Trial) (《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)》) published on December 26, 2016, the "Two-Invoice System" means one invoice from drug manufacturer to drug distributor, and another invoice from drug distributor to medical center. A drug manufacturer may be a pharmaceutical enterprise, or a

commercial enterprise (merely one commercial company in China) wholly owned or controlled by a group company with integrated research, industry and trading which only sells the drugs of this enterprise (group), or a general agent of overseas drugs (merely one general agent in China). The drugs dispatch from the drug distribution group company to its wholly owned (controlled) subsidiary or between its wholly owned (controlled) subsidiaries may not deemed as one invoice, but only one invoice at most can be issued.

According to the Several Opinions of the General Office of State Council on Further Reforming and Improving the Drug Manufacturing, Distribution and Use Policies (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》) published on January 24, 2017, the overall medial reform piloting provinces (regions or municipalities) and public hospital reform piloting cities will pioneer the "Two-invoice System", trying the best to broadcast over China by 2018. Medical enterprises participating in public hospital procurement should meet the requirements of "Two-invoice System".

Drug Advertisement

According to the Interim Measures for the Examination and Administration of the Advertisements for Drugs, Medical Devices, Health Foods and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) published by State Administration for Market Regulation in December 2019 and effective from March 1, 2020, the advertisements for drugs, medical devices, dietary supplements and formula food for special medical purposes should be true, legal, free of fake or misleading content. The advertisement applicant may be the holder of the registration certificate document or archiving proof for such drugs, medical devices, dietary supplements and formula food for special medical purposes, or its appointed manufacturer or operator ("Applicant").

Applicant may appoint an agent to deal with the application for examination on the advertisements for drugs, medical devices, dietary supplements and formula food for special medical purposes. Applicant may apply to advertisement examiner's business window, or submit the advertisement application for such drugs, medical devices, dietary supplements and formula food for special medical purposes via letter, facsimile, email or e-gov platform. Advertisement examiner shall examine the submissions within 10 working days after receiving them.

Upon examination, for advertisement compliant with laws, regulations and these measures, the examiner shall make the decision of approval, and issue the ads approval number. The effective period of such approval numbers for drugs, medical devices, dietary supplements and formula food for special medical purposes shall be consistent with the shortest effective period of the drug registration certificate, archiving proof or manufacturing permit. If the drug registration certificate, archiving proof or manufacturing permit has no effective period, then the ads approval number will be effective for two years.

Drug Instructions, Labels and Packaging

According to the Regulations on the Administration of Drug Instructions and Labels (《藥品説明書和標簽管理規定》) published by the CFDA and effective from June 1, 2006, drug instructions and labels shall be subject to CFDA approval. Drug instructions shall contain important scientific data, conclusion and information on drug safety and efficacy, to instruct the safe and rational use of drugs. The inside label of drug shall contain the drug's generic name, indications or functions, specifications, dosage, manufacturing date, product batch number, effective period, approval number, manufacturer and others; the outside label of drug shall contain the drug's generic name, ingredients, properties, indications or functions, specifications, dosage, adverse effects, contraindications, precautions, storage, manufacturing date, product batch number, effective period, approval number, manufacturer and others. According to the Administrative Measures for Drug Packaging (《藥品包裝管理辦法》) effective from September 1, 1988, the drug packaging is required to meet national standards and professional standards. If such standards are absent, the enterprise shall develop its drug packaging standards, subject to approval of provincial level food and drug regulatory authority and standardization office. To modify the packaging standards, the enterprise is required to submit to authorities again for approval. Any drug without packaging standards shall not be shipped outworks or operated (except for military urgent drugs).

Pathogenic Microbiology Laboratory Management

According to the Regulation on the Bio-safety Management of Pathogenic Microbe Labs (《病原微生物實驗室生物安全管理條例》) published by State Council and latest revised in December 2024, China divides pathogenic microbiology laboratories into level 1, level 2, level 3 and level 4, depending on the bio-safety protection level of the laboratories against pathogenic microbes, pursuant to laboratory bio-safety national standards. Level 1 and level 2 laboratories shall not be engaged in highly pathogenic microbiology laboratory activity. Level 3 and level 4 laboratories may satisfy several requirements before engaging in highly pathogenic microbiology laboratory activity. To build or rebuild or extend level 1 or level 2 laboratory, filing to municipal level health regulator or veterinary regulator is required. A level 3 or level 4 laboratory shall be subject to national recognition. Any recognized laboratory may obtain a corresponding level of bio-safety laboratory certificate that is effective for five years.

LAWS AND REGULATIONS CONCERNING INTELLECTUAL PROPERTIES

Patents

Chinese patents are mainly protected by the Patent Law of the People's Republic of China published by the Standing Committee of the National People's Congress on March 12, 1984, latest revised on October 17, 2020 and effective from June 1, 2021, and the Implementing Regulations of Patent Law of the People's Republic of China ("Implementing Regulations") published by State Council on June 15, 2001, latest revised on December 11, 2023 and effective from January 20, 2024. The Patent Law and its Implementing Regulations provide for 3 kinds of patents, namely: "invention", "utility model", and "design". "Invention" means a new

technical program proposed to product, method or improvement; "utility model" means a practicable new technical program proposed to product form, structure or their combination; "design" means beautiful and industrial new design for product form, pattern or their combination or the combination of color, form and pattern. The patent of "invention" may be effective for twenty (20) years, the patent of "utility model" may be effective for ten (10) years, and the patent of "design" may be effective for fifteen (15) years, all starting from the date of application. Under the Patent Law of the PRC, for the purpose of public health, State Council patent administrator may grant a mandatory permit to any patented drug, which allows it to be manufactured and exported to any country or region under related international treaty where the PRC is a party.

The latest revised Patent Law of the PRC introduces patent extension for new drug marketed in China, and provides that in order to compensate for the time occupied by new drug marketing review and approval, the State Council patent administrator shall on demand of patent holder grant patent period compensation to the invention patent related to the new drug permitted to market in China.

The compensatory period shall not be more than five (5) years. And the total effective patent period of a new drug marketed with approval shall not be more than fourteen (14) years. Such newly adopted patent period extension is favorable to the Company, because it provides longer protection period for the patents applied for or registered in China and the patents related to our product in research. During the patent period compensation, the protection scope of new drug is limited to the technical program related to such new drug and its approved indications; within the protection scope, patent holder enjoys the same rights and undertakes the same obligations as before the patent period compensation.

Trademarks

Chinese registered trademarks are mainly protected by the Trademark Law of the People's Republic of China published by the Standing Committee of the National People's Congress on August 23, 1982, latest revised on April 23, 2019 and effective from November 1, 2019, and the Implementing Regulations of the Trademark Law of the People's Republic of China published by State Council on August 3, 2002, latest revised on April 29, 2014 and effective from May 1, 2014. Trademark Office takes charge of national trademark registration and management, and a registered trademark will be effective for ten (10) years. Upon expiry, for continuing use, trademark registrant shall proceed with renewal within twelve (12) months before expiry as required. Failing so, the registrant may enjoy an extended period of 6 months. Every extended registration will be effective for ten (10) years, starting from the next day upon expiry of previous trademark. If the registrant fails to proceed with extension upon expiry, its registered trademark will be canceled.

Domain Name

Domain name is governed by the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) published by the MIIT on August 24, 2017 and effective from November 1, 2017. The MIIT is a major regulator of Internet domain names in China. Domain names are registered with domain name services established at relevant requirements, while the registrants will become domain name holders after registration.

Trade Secrets

Under the Anti-Unfair Competition Law of the People's Republic of China published by the Standing Committee of the National People's Congress, revised on June 27, 2025 and to be effective from October 15, 2025, "Trade Secrets" mean the technical information and operational information unknown to public, practicable, able to bring about commercial interest or profit for legal owner or holder and kept confidential by the legal owner or holder. Under the Anti-Unfair Competition Law of the People's Republic of China, an operator shall not commit any of the following infringements on trade secrets: (i) obtaining right holder's trade secrets by theft, bribery, fraud, coercion, electronic intrusion or other improper means; (ii) disclosing, using, or permitting others to use a rights holder's trade secrets obtained by the means described in item (i); (iii) disclosing, using or allowing others to use trade secrets in hands, in breach of confidentiality obligation or in breach of right holder's requirements for trade secrets; (iv) soliciting, attracting, or procuring others to break the confidentiality obligation or break the right holder's requirements for trade secrets, and thereby obtaining, disclosing, using or allowing others to use the right holder's trade secrets. If a third party knowing or who is conceived to know the foregoing infringements obtains, uses or discloses other's trade secrets, such behavior shall be deemed as infringement on other's trade secrets. The infringed party may request administrative remedy, while the regulator shall order to stop such infringement and penalize the infringing party.

Company Law and Relevant Regulations

The Company Law of the People's Republic of China revised by the Standing Committee of the National People's Congress on December 29, 2023 and effective from July 1, 2024 provides for company establishment, organizational structure and corporate management, which also applies to foreign invested enterprises in China.

LAWS AND REGULATIONS ON FOREIGN DIRECT INVESTMENT

Since January 1, 2020, the Foreign Investment Law of the People's Republic of China ("Foreign Investment Law") published by the National People's Congress of the People's Republic of China ("NPC") came into force. Simultaneously, the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the People's Republic of China on Foreign-Capital Enterprises (《中華人民共和國外資企業法》) and the Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures (《中華人民共和國中外合作經營企業法》) were repealed. Since then, the

Foreign Investment Law becomes the fundamental law to regulate all or part of the foreign invested enterprises in China. However, the organizational form, organizational structure and behaving principles of foreign invested enterprises are still subject to the Company Law. The Chinese government has implemented a pre-entry national treatment and negative list management system for foreign investments, and canceled the original approval and archiving management system for the establishment and change of foreign-invested enterprises. The pre-entry national treatment is the treatment to foreign investors and their investments in the entry stage, in the conditions not less than the treatment to domestic investors and their investments. The negative list is a special administrative measure on entry of foreign investments in special fields at national requirements. China offers national treatment to foreign investments out of the negative list. The prevailing negative list is the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)) issued by the NDRC and MOFCOM on September 6, 2024 and effective from November 1, 2024, which lists special administrative measures for foreign investment entry like equity requirements, officer requirements etc. in respect of the industries subject to the negative list. The Foreign Investment Law strengthening investment promotion and protection further regulates foreign investment management, proposes establishment of foreign investment information reporting system, to replace the original MOFCOM approval and archiving system for foreign invested enterprises.

Foreign investment information report is subject to the Measures for Reporting Foreign Investment Information (《外商投資信息報告辦法》) jointly developed by MOFCOM and SAMR, effective from January 1, 2020, under which, the MOFCOM is responsible for centralize and direct nationwide foreign investment information reporting. County and above level local commercial authorities and corresponding authorities in free-trade pilot zones and national level economic and technological development zones are responsible for foreign investment information reporting within their own jurisdiction. A foreign investor to directly or indirectly invest in China shall report its investment information to local commercial authority through corporate registration system and National Enterprise Credit Information Publicity System, by means of initial reporting, change reporting, de-registration reporting, annual reporting etc. A foreign investor to set up foreign invested enterprise in China or merge/acquire the equities of non-foreign-invested enterprise in China shall submit initial report through corporate registration system, at the time of establishment registration or at the time of change registration (filing) for such merger/acquisition. If not involving change registration (filing), a foreign invested enterprise shall file the change report through corporate registration system within twenty (20) working days from such change event. A foreign-invested listed company may report the information on the change of its investors and their shares, only when the foreign invested shares have changed by more than 5% cumulatively or the foreign holding or relative holding position has changed.

LAWS AND REGULATIONS CONCERNING FOREIGN INVESTMENT SECURITY REVIEW

The Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) jointly published by NDRC and MOFCOM on December 19, 2020 and effective from January 18, 2021 provide for the foreign investment security review mechanism, covering applicable foreign investment types, review scope, review procedures etc.

LAWS AND REGULATIONS CONCERNING PRODUCT LIABILITY

The Product Quality Law of the People's Republic of China ("Product Quality Law") published by the Standing Committee of the National People's Congress on February 22, 1993 and latest revised on December 29, 2018 is a critical law on product quality supervision and management, under which, a manufacturer shall be liable for its product quality. A seller shall take measures to maintain the quality of products on sale. If a product is defective, causing personal harm or economic damage beyond the defective product, then its manufacturer shall be liable for compensation. The manufacturer may not be liable for compensation in any of the following proven events: (1) the product is not put in circulation; (2) when the product is put in circulation, the alleged defect is before existing; or (3) the existence of alleged defect is not found with the current level of science and technology at the time of putting the product in circulation. If the product is defective, causing personal or economic damages at the fault of seller, then the seller shall be liable for compensation. If the seller fails to indicate the manufacturer or supplier of defective product, then the seller shall be liable for compensation. If the defective product causes personal or economic damages, then the affected person may claim compensation from its manufacturer or its seller.

Under the Civil Code of the People's Republic of China published by NPC on May 28, 2020 and effective from January 1, 2021, if a defective drug causes damages to a patient, then the patient may claim compensation from the drug's marketing permit holder or manufacturer, or from the medical center in which case, after compensation, the medical center may seek recourse from the drug's marketing permit holder or manufacturer.

The Consumer Rights and Interests Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》) published on October 31, 1993, latest revised on October 25, 2013 and effective from March 15, 2014 is to protect consumer's rights and interests when the consumer is buying, using goods or receiving services. An operator who provides consumers with the goods it produces or sells and/or with services shall obey this law. An operator must pay high attention to consumer privacy protection, and keep strict confidential the consumer information obtained during operation.

REGULATIONS IN RELATION TO PRODUCTION SAFETY

The Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) published by the Standing Committee of the National People's Congress on June 29, 2002, latest revised on June 10, 2021 and effective from September 1, 2021 is a fundamental law to regulate production safety, under which, any entity failing to meet the conditions for production safety shall not engage in production and operation. A production entity shall educate and train its workers on production safety, and ensure them to have necessary knowledge about production safety, get familiar with production safety rules and systems and safe operating procedures, master the safe operating skills on position, understand the accident emergency responses, and know its own rights and obligations in respect of production safety. Any worker uneducated or untrained on production safety or failed such education or training shall not work on position. The safety facilities of the construction works built, rebuilt or extended by the production entity ("Construction Works") must be designed, constructed, put in operation and service simultaneously with the main body of project. The safety facility investment shall be included in the construction estimates.

REGULATIONS ON ENVIRONMENTAL PROTECTION AND FIRE SAFETY

According to the Environmental Protection Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on December 26, 1989, latest revised on April 24, 2014, and effective on January 1, 2015, the Environmental Impact Assessment Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on October 28, 2002, last revised on December 29, 2018, and the Regulations on the Management of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, last revised on July 16, 2017, and effective on October 1, 2017, enterprises planning to construct projects should engage qualified professionals to prepare an environmental impact statement (EIS), environmental impact report (EIR), or environmental impact registration form for the project. These EISs, EIRs, or environmental impact registration forms shall be submitted to the relevant environmental protection bureau for filing or approval before any construction project commences.

Enterprises engaged in industrial, construction, catering, medical and other activities that discharge sewage into urban drainage facilities shall apply to the relevant urban drainage authorities for a permit for sewage discharge into drainage network in accordance with relevant laws and regulations. These laws and regulations include the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) promulgated on October 2, 2013 and effective on January 1, 2014, and the Administrative Measures on Permit for Urban Sewage Discharge into Drainage Network (《城鎮污水排入排水管網許可管理辦法》) promulgated on January 22, 2015 and last revised on December 1, 2022 and effective on February 1, 2023. Drainage households within the coverage of urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with national regulations. Drainage households discharging sewage into urban drainage facilities shall, in accordance with the provisions of these Measures, apply for a drainage permit. Drainage households shall not discharge sewage to urban drainage facilities without obtaining drainage permits.

According to the Administrative Measures on the Pollution Discharge Permit (《排污許可管理辦法》) issued by the Ministry of Ecology and Environment on April 1, 2024, and effective on July 1, 2024, enterprises, public institutions, and other producers/operators subject to pollution discharge permit management shall apply for and obtain a pollution discharge permit, and discharge pollutants in accordance with the provisions of such permits; no entity may discharge pollutants without obtaining the permit. Pursuant to the Fixed Pollution Source Classification Management List (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), the manufacturing of biological pharmaceutical products falls within the scope of pollution discharge permit management for fixed pollution sources.

According to the Fire Protection Law of the People's Republic of China, promulgated by the Standing Committee of the National People's Congress in April 1998 and last revised and effective on April 29, 2021, and the Interim Provisions on Fire Protection Design Review and Acceptance Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) ("Interim Provisions") issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and last revised on August 21, 2023, the fire protection design and construction of construction projects must comply with national fire protection technical standards for engineering construction and be subject to the fire protection design review and acceptance inspection system. Special Construction Projects referred to in the Interim Provisions must apply to fire authorities for fire protection design review and complete fire acceptance inspection procedures upon project completion. For other construction projects, the construction units must complete fire protection design and completion acceptance record-filing within five (5) working days after project completion acceptance. If a construction project is not subject to fire safety inspection before being put into use, or fails to meet fire safety requirements upon inspection, it shall be ordered to stop construction, stop use, or suspend production and operation, and shall also be fined.

REGULATIONS ON THE PREVENTION AND CONTROL OF OCCUPATIONAL DISEASES

The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) (the "Occupational Diseases Prevention and Control Law"), promulgated by the Standing Committee of the National People's Congress on October 27, 2001, and last revised on December 29, 2018, is the fundamental law governing the prevention and control of occupational diseases. According to the Occupational Disease Prevention and Control Law, the costs for occupational disease prevention facilities in construction projects shall be included in the project budget and designed, constructed, and put into operation simultaneously with the main engineering works. Prior to the completion acceptance of a construction project, the construction entity shall conduct an evaluation of the effectiveness of occupational disease hazard control measures. Additionally, employers shall implement prescribed management measures to prevent and control occupational diseases during the course of work.

REGULATIONS ON EMPLOYMENT AND SOCIAL SECURITY

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), promulgated by the Standing Committee of the National People's Congress on July 5, 1994, and last revised on December 29, 2018, and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), promulgated by the Standing Committee of the National People's Congress on June 29, 2007, last revised on December 28, 2012, and effective on July 1, 2013, Employers shall enter into written labor contracts with full-time employees. Employers shall comply with the local minimum wage standards. Employers shall establish and improve management systems to protect the rights of workers, including establishing occupational health and safety systems and providing occupational training to workers to prevent occupational hazards. When hiring workers, employers shall truthfully inform them of the job content, working conditions, work location, occupational hazards, safety production status, remuneration, and other relevant information.

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010, and revised on December 29, 2018, employers shall pay social insurance premiums for their employees, including basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance. If an employer fails to make full and timely social insurance contributions, the social insurance contribution collection authority shall order it to pay or make up the arrears within a specified time limit and impose a late fee of 0.05% per day from the date of the default. If the entity still fails to make the payment after the deadline, the relevant administrative department shall impose a fine of not less than one time but not more than three times the amount in arrears.

According to the Plan for Deepening the Reform of the State Taxation and Local Taxation Administration System (《深化國稅、地稅徵管體制改革方案》) issued and implemented on December 24, 2015, various social insurance premiums, including basic pension insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work-related injury insurance premiums, and maternity insurance premiums, will be collected uniformly by the tax authorities. According to the Notice on Steadily and Orderly Carrying Out Work Related to the Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the State Taxation Administration on September 13, 2018, and the Urgent Notice on Implementing the Spirit of the State Council Executive Meeting and Effectively Carrying Out Work to Stabilize the Collection of Social Insurance Premiums (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, all local authorities responsible for collecting social insurance premiums are strictly prohibited from conducting centralized collection of historical arrears from enterprises on their own initiative. The Notice on the Implementation of Several Measures to Further Support and Serve the Development of the Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued by the State Taxation Administration on November 16, 2018 reiterates that tax authorities at all levels shall not independently organize and carry out centralized collection of arrears from payers, including private enterprises, for previous years. The Notice of the General Office of

the State Council on Issuing the Comprehensive Plan for Reducing Social Insurance Rates (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》) issued on April 1, 2019, requires the steady advancement of reforms to the social insurance contribution collection system. Contributions for basic endowment insurance and other insurance schemes for enterprise employees shall, in principle, continue to be collected under the current collection system, maintaining stable contribution methods. It also emphasizes that historical arrears of enterprises shall be properly addressed, and during the reform of the collection system, no centralized enforcement of historical arrears shall be carried out arbitrarily, nor shall any measures be taken that would increase the actual payment burden on small and micro enterprises, so as to avoid causing operational difficulties for businesses.

According to the Housing Provident Fund Administration Regulations (《住房公積金管理條例》) promulgated on April 3, 1999, and latest revised on March 24, 2019, employers shall make contributions to the housing provident fund for their employees. If an employer fails to make contributions or make contributions less than required, the Housing Provident Fund Management Center shall order it to make contributions within a specified time limit. If the employer still fails to make contributions after the deadline, the Housing Provident Fund Management Center may apply to the People's Court for compulsory enforcement.

REGULATIONS ON INFORMATION SECURITY AND DATA PRIVACY

Data Security and Data Export

The Standing Committee of the National People's Congress promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Measures for Security Assessment of Data Exports (《數據出境安全評估辦法》) issued by the Cyberspace Administration of the People's Republic of China on July 7, 2022, and effective from September 1, 2022, data processors that provide data overseas shall declare a security assessment for data exports to the national cyberspace administration via the provincial-level cyberspace administration where they are located under any of the following circumstances: (i) where a data processor transfers important data overseas; (ii) where a critical information infrastructure operator, or a data processor processing the personal information of more than one million individuals, who, in either case, transfers personal information overseas; (iii) where a data processor who has, since January 1 of the previous year cumulatively transferred overseas the personal information of more than 100,000 individuals, or the sensitive personal information of more than 10,000 individuals; or (iv) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of the People's Republic of China on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year.

According to the Regulations on Improving and Regulating the Cross-Border Transfer of Data (《促進和規範數據跨境流動規定》) issued and implemented by the Cyberspace Administration of the People's Republic of China on March 22, 2024, data processors other than the critical information infrastructure operators are exempt from declaring data export security assessments, entering into standard contracts for personal information export, or obtaining personal information protection certification if the cumulative amount of non-sensitive personal information provided overseas since January 1 of that year does not exceed 100,000 individuals.

Personal Information Protection

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people's personal information, it should obtain it in accordance with the law and ensure the security of the information. It shall not illegally collect, use, process, or transmit other people's personal information, and shall not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) promulgated by the Standing Committee of the National People's Congress on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and effective on June 1, 2017, network operators shall follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

LAWS AND REGULATIONS IN RELATION TO ANTI-MONEY LAUNDERING, ANTI-CORRUPTION AND ANTI-BRIBERY

Laws and Regulations in Relation to Anti-money Laundering

According to the Anti-money Laundering Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on November 8, 2024 and effective from January 1, 2025, financial institutions shall, according to the provisions of the present law, establish a sound internal control system for anti-money laundering, set up a special body or designate an internal body to take the lead to take charge of the anti-money laundering work. The entities and individuals in business relationship with a financial institution shall cooperate with the financial institution in conducting customer due diligence by providing authentic and valid identity documents or other identity certificates, filling in identity information accurately and completely, and faithfully providing materials relating to transactions and funds. Where an entity or individual refuses to cooperate with the financial institution in taking reasonable measures for customer due diligence according to the present law, the financial institution may take money laundering risk management measures, such as limiting or refusing to handle business and terminating business relationship under the prescribed procedures, and submit a report on doubtful transactions in the light of the situation.

Laws and Regulations in Relation to Anti-corruption

According to the Criminal Law of the People's Republic of China, as latest revised by the Standing Committee of the National People's Congress on December 29, 2023, the crime of job appropriation means that an employee of any company, enterprise or any other organization unlawfully takes possession of the money or property of the organization by taking advantage of office, and that if the amount is relatively large, he shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall be fined concurrently; if the amount is huge, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than 10 years and shall be fined concurrently; or if the amount is extremely huge, he shall be sentenced to fixed-term imprisonment of not less than 10 years or life imprisonment and shall be fined concurrently.

Laws and Regulations in Relation to Anti-bribery

According to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) promulgated by the Standing Committee of the National People's Congress, as amended on June 27, 2025 and will come into effect on October 15, 2025, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the State Administration for Industry and Commerce of the People's Republic of China on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive

advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

According to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), which was promulgated by the National Health and Family Planning Commission (currently the NHC) and came into effect on March 1, 2014, any medicine production and operation enterprises or agents that are involved in criminal, investigational or administrative procedures for commercial bribery will be listed in the adverse records of commercial briberies by the relevant government authorities, as a result of which, for two years from the date the list of adverse records of commercial briberies is published, (i) their products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies within the relevant provinces, and (ii) the scores of their products in the centralized tender processes of public medical institutions or medical and health institutions receiving financial subsidies in other provinces will be reduced. As for those enterprises or agents listed in adverse records twice within five years, their products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies throughout China for two years from the date the list of adverse records of commercial briberies is published.

In May 2023, 14 government authorities, including the NHC, jointly issued the Key Points for the Correction of Malpractice in the Purchases and Sales of Medical Products and Medical Services in 2023 (《2023年糾正醫藥購銷領域和醫療服務中不正之風工作要點》). This guideline emphasized the need to address prominent corruption issues in the pharmaceutical industry, particularly by rectifying unethical practices involving industrial organizations or associations at all levels, including covertly imposing fees under the guise of donations, academic activities, or hosting or attending conferences, as well as accepting donations or financial support in violation of regulations. It also focused on unethical practices in pharmaceutical sales, such as actions by pharmaceutical manufacturers, distributors, and medical representatives engaging in sales with kickbacks under various forms or pretexts.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the EIT Law, which was promulgated by the Standing Committee of the National People's Congress and was latest revised on December 29, 2018, and the Regulation on the Implementation of the EIT Law, which was promulgated by the State Council and was latest revised in January 2025, a uniform 25% enterprise income tax rate is imposed on both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. Key high-tech enterprises that are supported by the PRC's government may enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council and was latest revised on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest revised on October 28, 2011 and effective on November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the VAT.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) effective in May 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs of the People's Republic of China on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) promulgated on March 20, 2019 and effective on April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

According to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值税暫行條例》) promulgated on and effective from November 19, 2017, the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6%, unless otherwise stipulated under this regulation.

According to the Notice on the Application of Low Value Added Tax Rates and Simplified Methods for Collecting Value Added Tax on Some Goods (《關於部分貨物適用增值税低税率和簡易辦法徵收增值税政策的通知》) promulgated by the Ministry of Finance and the State Taxation Administration of the People's Republic of China on 19 January 2009, and revised on May 25, 2012 and June 13, 2014 respectively, VAT general taxpayers who sell self-produced biological products made from microorganisms, microbial metabolites, animal toxins, human or animal blood or tissues may choose to compute and pay VAT at a rate of 3% under the simplified method.

According to the Notice on VAT Policies for Anti-cancer Drugs (《關於抗癌藥品增值税政策的通知》) promulgated on April 27, 2018 by the Ministry of Finance, the General Administration of Customs, the State Taxation Administration and the NMPA of the People's Republic of China, VAT general taxpayers engaging in manufacturing and sale, wholesale and retail of anti-cancer drugs may opt to compute and pay VAT at the tax rate of 3% under the simplified method.

REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Regulation

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the People's Republic of China (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the State Administration of Foreign Exchange of the PRC issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, multiple capital accounts for the same entity may be opened in different provinces as well. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019, prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), or the SAFE Circular 21, which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address within 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019 and March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which came into effect on the same day and partially amended on December 4, 2023 and effective since then. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to SAFE Circular 16's interpretation and implementation in practice.

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020), and partially amended on December 4, 2023 and effective since then. The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, provided that the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations. The bank in charge shall conduct post spot checking in accordance with the relevant requirements.

Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

According to the Overseas Listing Trial Measures issued by the CSRC on February 17, 2023 and effective on March 31, 2023, where a domestic company seeks overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures. If an issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three (3) business days after submitting application documents for overseas securities issuance and listing.

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

OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act ("FDCA") and its implementing regulations, and the FDA regulates biologics under the FDCA and the Public Health Service Act (the "PHSA") and their respective implementing regulations. Both drugs and biologics also are subject to other federal, state, and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals to manufacture or market drugs and biologics in the United States and the subsequent compliance with appropriate federal, state, local, and non-U.S. applicable statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative proceedings, administrative actions, government prosecution, judicial sanctions or any combination of them in the United States. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any administrative proceeding on action or any judicial enforcement action could have a material adverse effect on our business, financial condition and results of operations as well as the market's acceptance of our products and our reputation. Outside the United States, drugs and biologics are regulated under other statutory and regulatory systems with which we would need to comply if we were to manufacture or market drugs or biologics outside the United States, and failure to comply there could also subject us to administrative actions, government prosecution or judicial sanctions (or any combination of them).

Once a product candidate is identified for development, it enters preclinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Preclinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor of an Investigational New Drug application ("IND") must submit the results of the preclinical tests (such as animal tests), manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance. Although information a sponsor submits in an IND is confidential information, general clinical trial information such as the number of patients involved and the type of adverse events studied can be made public information and can be available for public review through publication on government websites such as **www.clinicaltrials.gov**.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice ("GCPs") and human subject protection regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board ("IRB"), often under the auspices of a university and sometimes a private, independent organization, must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or human subject research regulations or if the product has been associated with unexpected serious harm to subjects and the IRB believes patients are at risk.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetics and pharmacodynamics information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA before marketing approval is received. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at **www.clinicaltrials.gov**.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with FDA's current Good Manufacturing Practices ("cGMP").

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of a New Drug Application ("NDA"). Unless deferred or waived, NDAs, or supplements, must contain data adequate to assess the safety and efficacy of the product at the proposed commercial dosing regimen and administration for the claimed indications in all relevant populations, including any pediatric subpopulations. The submission of an NDA is subject to the payment of a user fee and an annual prescription drug product program fee to the FDA although in certain circumstances the FDA may waive the annual prescription drug product program fee if the drug qualifies for orphan drug designation.

Within 60 days of its receipt, the FDA reviews the NDA to ensure that it is sufficiently complete for substantive review before it accepts the NDA for filing. After accepting the NDA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the NDA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA to an advisory committee, generally consisting of a panel of experts, to review whether the application should be approved and under what conditions, and the FDA typically considers such recommendations when making decisions.

The FDA may refuse to approve the NDA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the NDA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may withdraw the application and resubmit the NDA when all the data addressing all of the deficiencies identified in the letter is available, or the applicant may request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the United States. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstances. The impacts on the clinical development and registration of drugs receiving Orphan Drug designation are: the sponsors may be provided with (1) a tax credit of 50 percent of the cost of conducting human clinical trials, and (2) federal research grants for clinical testing of new therapies to treat and/or diagnose rare diseases; (3) eligibility for seven-year marketing exclusivity and (4) a waiver of NDA PDUFA fees. The approval of an orphan drug designation request does not alter the standard regulatory requirements and processes for obtaining marketing approval. Sponsors must establish safety and efficacy of a compound to treat a rare disease through adequate and well-controlled studies.

FDA may revoke orphan-drug designation for any drug if the agency finds that:

- The request for designation contained an untrue statement of material fact; or
- The request for designation omitted required or material information; or
- FDA subsequently finds that the drug in fact had not been eligible for orphan-drug designation at the time of submission of the request.

For an approved drug, revocation of orphan-drug designation also suspends or withdraws the sponsor's exclusive marketing rights for the drug but not the approval of the drug's marketing application.

Where a drug has been designated as an orphan drug because the prevalence of a disease or condition (or, in the case of vaccines, diagnostic drugs, or preventive drugs, the target population) is under 200,000 in the United States at the time of designation, its designation will not be revoked on the ground that the prevalence of the disease or condition (or the target population) becomes more than 200,000 persons.

If FDA revokes an orphan-drug designation, FDA will publicize that the drug is no longer designated in accordance with 21 CFR 316.28. The sponsor may request the designation to be rescinded/withdrawn. The impact of revocation is that the sponsor will lose all the benefits of Orphan Drug designation.

Post-Marketing Requirements

Following approval of a new product, the manufacturer of the approved product is subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse events ("AEs") experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies such as the Department of Justice actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities as well as potential tort liability. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials. The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy ("REMS"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS. The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities according to approved manufacturing processes and in accordance with cGMP regulations. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP. The manufacturer is ultimately responsible for its products and the manufacturing practices of its contract manufacturers, therefore the manufacturer must take responsibility for the failure for the contract manufacturers to manufacture according to cGMPs.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA/BLA, including recall, any of which could have a material adverse effect on our business, financial condition and results of operations.

Once an approval is granted, if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug reaches the market, the FDA may take enforcement actions such as issuing Warning Letters or Untitled Letters, ordering removal of the product from the market until deficiencies are remedied, withdrawing the approval of the product, or imposing civil and criminal penalties. Corrective action in response to these enforcement activities could delay drug distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences which could arise from such regulatory violations include, among other things:

- restrictions on the marketing or manufacturing of the drug, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug approvals; drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil or criminal penalties.

Patent Term Restoration and Marketing Exclusivity

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of NDA/BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and BLA submission, and all of the review phase, which is the time between NDA/BLA submission and approval, up to a maximum of five years. The

time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The USPTO, in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which a BLA has not been submitted.

OVERVIEW OF LAWS AND REGULATIONS IN AUSTRALIA

Drug Development and Manufacturing

Clinical trials conducted in Australia are regulated by the Therapeutic Goods Administration ("**TGA**"). Clinical trials must comply with a number of laws and regulations in Australia at the Commonwealth and State/Territory levels, including the Therapeutic Goods Act 1989 (Cth) and the Therapeutic Goods Regulations 1990 (Cth). Clinical trials must also comply with: the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) Guidelines for Good Clinical Practice, as adopted and annotated by the TGA (the "**ICH GCP Guidelines**"); and the National Statement on Ethical Conduct in Human Research (the "**National Statement**").

There are two schemes for the approval of clinical trials in Australia: the Clinical Trial Notification ("**CTN**") scheme; and the Clinical Trial Approval ("**CTA**") scheme. The CTN scheme involves the TGA being notified of the clinical trial, but not undertaking any evaluation of the clinical trial. The CTA scheme involves the TGA not only being notified of the clinical trial, but also conducting an evaluation and assessment of the clinical trial prior to its commencement. The CTN scheme is generally used for earlier phase studies when there is adequate preclinical information about the product, particularly in relation to safety. The CTA scheme is generally used for high-risk or new treatments, where there is little known or no knowledge about the safety of the goods. The decision regarding which scheme to follow is generally up to the sponsor of the trial and the applicable Human Research Ethics Committee ("**HREC**"), although the CTA scheme is mandatory for certain types of biological medicines. Clinical trials in Australia require the approval of the research institute that is conducting the trial, following a review by its HREC before the trial commences. HRECs are also responsible for overseeing clinical trials.

Clinical trials conducted in Australia must have a trial sponsor that is an Australian company. It is permissible for a foreign corporation to engage an Australian company to act as the sponsor of a clinical trial in Australia, often referred to as the Local Sponsor. In this situation, the foreign corporation does not, itself, need to obtain any licenses or authorizations in respect of the clinical trial. The Australian trial sponsor is responsible for the initiation, management and financing (or arranging the financing) for the clinical trial and is legally responsible for the conduct of the clinical trial, including obtaining the requisite licenses or authorizations. The trial sponsor does not need to be the manufacturer of the product being trialed. The product manufacturer may rely on the results the trial when seeking to have the product registered on the Australian Register of Therapeutic Goods.

Clinical trials in Australia must follow the ICH GCP Guidelines as annotated by the TGA. The TGA's annotations provide additional guidance regarding compliance with the National Statement, obtaining informed consent in special cases, responsibility for the conduct of the trial (including management, data handling and record keeping), the manufacturing, packaging, labelling and coding of investigational products, and reporting for adverse drug reactions. The approval of a clinical trial in Australia is conditional upon compliance with the ICH GCP Guidelines as annotated by the TGA.

Clinical trials in Australia must also comply with the National Statement. The National Statement sets out the Australian ethical standards against which all research involving humans, including clinical trials, are reviewed. The approval of a clinical trial in Australia is conditional upon compliance with the National Statement.

In relation to safety reporting requirements, clinical trials conducted in Australia must follow: the Note for Guidance on Clinical Safety Data Management: Definitions and Standards for Expedited Reporting (CPMP/ICH/377/95), as annotated by the TGA; and the National Health and Medical Research Council ("**NHMRC**") Guidance: Safety Monitoring and Reporting in Clinical Trials Involving Therapeutic Goods.

Additionally, per the ICH GCP Guidelines as annotated by the TGA, products used in clinical trial must comply with the applicable good manufacturing practices ("**GMP**"). For investigational products manufactured in Australia, the relevant manufacturing standards are set out in the Therapeutic Goods (Manufacturing Principles) Determination 2020 (Cth). Generally, therapeutic goods (other than blood, blood components, haematopoietic progenitor cells and biologicals that do not comprise or contain live animal cells, tissues or organs) must be manufactured in accordance with the Guide to Good Manufacturing Practice for Medicinal Products (PE 009-16, 1 February 2022) published by PIC/S.

Under both the CTN and CTA schemes, the clinical trial sponsor for a trial involving medicines or biological products must provide to the TGA information about the proposed dosage form, route of administration, formulation, dosage, and frequency of administration of the product (amongst other information), prior to the commencement of the clinical trial. If a change to the dosage is proposed to be made following the completion of a phase I clinical trial, then that change must be either notified to the TGA (if the clinical trial falls under the CTN scheme), or approved by the TGA (if the clinical trial falls under the CTA scheme). The change would also require review and approval by the HREC overseeing the trial.

Data Protection

The Privacy Act 1988 (Cth) ("**Privacy Act**") and Australian Privacy Principles ("**APPs**") apply to APP entities. An APP entity includes 'organizations', which means businesses that have an annual turnover for the previous financial year AU$3 million or more.

The Privacy Act is the principal piece of Australian legislation protecting the handling of personal information about individuals. This includes the collection, use, storage and disclosure of personal information of Australian individuals.

There are 13 APPs and they govern standards, rights and obligations around:

- the collection, use and disclosure of personal information;
- an organization or agency's governance and accountability;
- integrity and correction of personal information; and
- the rights of individuals to access their personal information.

It is a requirement for an APP entity to have a privacy policy. APP 1.4 contains a non-exhaustive list of information that an APP entity must include in its APP Privacy Policy:

- the kinds of personal information collected and held by the entity (APP 1.4(a));
- how personal information is collected and held (APP 1.4(b));
- the purposes for which personal information is collected, held, used and disclosed (APP 1.4(c));
- how an individual may access their personal information and seek its correction (APP 1.4(d));
- how an individual may complain if the entity breaches the APPs or any registered binding APP code, and how the complaint will be handled (APP 1.4(e)); and
- whether the entity is likely to disclose personal information to overseas recipients (APP 1.4(f)), and if so, the countries in which such recipients are likely to be located if it is practicable to specify those countries in the policy (APP 1.4(g)).

Each state and territory have its own separate privacy legislation which is largely consistent with the Privacy Act requirements.

Cross-Border Disclosure Requirements

Patient data falls under the category of 'sensitive information' under the Privacy Act. Sensitive information attracts a higher level of protection under the Privacy Act than other types of personal information, and can only be disclosed (1) for the purpose for which it was collected, (2) for a directly related secondary purpose, or (3) where an exception applies (for example, with an individual's consent, where required by law, or where a permitted general situation exists). For this reason, prior to disclosing patient data overseas a disclosing entity should ensure that such disclosure is permitted under the Privacy Act.

In addition to the above general disclosure requirements, where personal information is disclosed outside Australia to an overseas recipient the disclosing entity must take reasonable steps to ensure that the overseas recipient does not breach the Privacy Act in respect of that information. The concept of 'reasonable steps' is not defined, but it is generally expected that the disclosing party will enter into an enforceable contractual arrangement with the overseas recipient that requires the recipient to handle personal information in accordance with the Privacy Act. It is likely that more rigorous steps will be required where the information to be disclosed is sensitive information (including patient data).

The disclosing entity also remains accountable for any acts or practices of the overseas recipient, and may be liable for any breaches of the Privacy Act by the overseas recipient even if the disclosing entity has taken reasonable steps to ensure the overseas entity complies with its legal requirements. An 'overseas recipient' includes a related body corporate located outside Australia, however does not include an overseas office of the disclosing entity.

Limited exceptions to the above requirements arise under the Privacy Act, including circumstances where:

- the overseas recipient is subject to a substantially similar law or binding scheme which individuals can access;
- the overseas recipient is subject to the laws of a country which is prescribed by Australia's privacy regulations (this exception has been newly introduced and to date there are no such prescribed countries);
- the individual has consented to the disclosure after being expressly informed that if the individual consents, the entity will not be accountable under the Privacy Act;
- the disclosure is required or authorised by law; or
- a permitted general situation exists (i.e. disclosure is necessary to lessen or prevent a serious threat to life, to locate a missing person, etc.).

Patient data may also be subject to additional Australian privacy laws, such as State-based health privacy laws.

State and Territory privacy laws apply to 'health service providers' and entities which collect, hold, or use health information. Legislation underpinning these laws is the Health Records and Information Privacy Act 2002 (NSW) in New South Wales, the Health Records (Privacy and Access) Act 1997 (ACT) in the Australian Capital Territory, and the Health Records Act 2000 (Vic) in Victoria. These laws impose similar limitations to the disclosure of patient data as the Privacy Act.

Green-Washing Laws

The practice of 'greenwashing' occurs where a business makes a false or misleading environmental claim, typically in an attempt to make their business appear more environmentally beneficial. Greenwashing statements may be considered 'false or misleading representations', which are prohibited under the Australian Consumer Law (ACL) (legislation in Australia which provides protections to consumers and small businesses). The Australian Consumer Law will apply to all businesses selling goods and service in Australia (even if the business itself is located overseas). The Australian Competition and Consumer Commission, Australia's consumer law regulator, has frequently taken action against companies for allegations of greenwashing.

To avoid allegations of 'greenwashing', companies should ensure that all claims made about the environmental impact of a product/service are true and accurate, and that they are not misleading to an "ordinary and reasonable" audience. Businesses should only make claims that represent the genuine environmental impact of a product/service, and should not exaggerate the benefits or level of scientific acceptance of an environmental claim. Businesses should also ensure they have clear evidence to back up all environmental claims made. Visual elements are also important — use of symbols or other elements which are intended to give the impression that a product is 'good for the environment' can be considered misleading if the impression given to a consumer based on those elements is false.

A breach of the ACL's prohibition on false or misleading representations can lead to significant penalties — for example, corporations can be subject to penalties the greater of (a) $50 million AUD; (b) three times the value of the benefit obtained from the breach; or (c) 30% of the corporation's adjusted turnover during the breach period.

OVERVIEW

Our history can be traced back to 2012 when Dr. Shi founded our Company. Over the past years, we have developed as a biotechnology company focused on developing globally competitive and commercially valuable therapies in the fields of metabolic, inflammatory and cardiovascular diseases, covering the full spectrum of gout patient care, comprehensively addressing hyperuricemia, chronic gout, acute gout flares, tophus dissolution, and chronic kidney disease associated with hyperuricemia. As of the Latest Practicable Date, we had established a product pipeline consisting of two clinical stage products and multiple preclinical stage programs.

For the relevant experience of Dr. Shi, see "Directors and Senior Management."

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
2012	We established the Company under the name of Zhenjiang Atom Therapeutics Co., Ltd. (鎮江新元素醫藥科技有限公司) in the PRC.
	We began our strategic focus on the gout and hyperuricemia therapeutic area, initiating the exploration of potential novel compounds.
2016	We filed a patent application for ABP-671, our Core Product.
2017	We completed the Series A Financing, raising RMB16 million.
2018	We received IND approval from the FDA for ABP-671 and initiated the Phase 1 clinical trial for ABP-671 in the United States.
	We completed the Series A+ Financing, raising RMB30 million.
2020	We expanded our clinical operations by commencing the Phase 2a clinical trial for ABP-671 in Australia.
	We completed the Series B Financing, raising RMB179.9 million.
2021	We obtained IND approval for ABP-671 in China and initiated a combined Phase 1/2a clinical trial.

Year	Milestone
2022	We completed the Series C Financing, raising RMB300 million.
2023	We advanced ABP-671 into Phase 2b/3 clinical trials in both the United States and China.
2024	We initiated the Phase 1 clinical trial for ABP-745 in the United States.
	We entered into a commercialization partnership with CMS for ABP-671 for the treatment of gout and hyperuricemia in Mainland China, Hong Kong and Macau.
2025	We advanced ABP-745 into Phase 2 clinical trials in the United States, Australia, and China.
	We completed the Series D Financing, raising RMB552.2 million.

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had the following three subsidiaries.

No.	Name	Place of establishment	Principal business activities	Shareholding controlled by our Company	Date of establishment and commencement of business[1]
1. . . .	Atom Zhenjiang	PRC	Administration office	100.0%	September 21, 2020
2. . . .	Atom Australia	Australia	R&D of innovative drugs	100.0%	June 26, 2020
3. . . .	Atom U.S.	U.S.	R&D of innovative drugs	100.0%	September 29, 2023

Note:

(1) During the Track Record Period and as of the Latest Practicable Date, Atom U.S. did not have substantial business operations.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment and Early Shareholding Changes of Our Company

Our Company was established in Jiangsu province, the PRC as a limited liability company on March 9, 2012 under its original name "Zhenjiang Atom Therapeutics Co., Ltd. (鎮江新元素醫藥科技有限公司)" with an initial registered capital of RMB20,000,000, of which Zhenjiang Baohua Semi-Trailer Parts Co., Ltd. (鎮江市寶華半掛車配件有限公司) ("**Baohua Semi-Trailer**"), Dr. Shi, Qingdao Zhengrong Investment Co., Ltd. (青島正榮投資有限公司) ("**Qingdao Zhengrong**") and Beijing Guoyun Tongda Investment Co., Ltd. (北京國運通達投資有限公司) ("**Beijing Guoyun Tongda**") held 31.0%, 30.0%, 29.0% and 10.0%, respectively. To support Dr. Shi's entrepreneurial endeavor in establishing our Company, Baohua Semi-Trailer, Qingdao Zhengrong and Beijing Guoyun Tongda were introduced to him as initial investors during the inception stage of our Company. Each of Baohua Semi-Trailer, Qingdao Zhengrong and Beijing Guoyun Tongda was an Independent Third Party.

From April 2015 to September 2016, we underwent several rounds of equity transfers, following which our Company was held as to (i) 70.0% by Dr. Shi, (ii) 11.25% by Changzhou Yunxin Textile Printing (常州雲鑫紡織印染有限公司) ("**Changzhou Yunxin**") (an entity controlled by the family members of Mr. Jin Wenqing, one of our executive Directors), (iii) 11.25% by Changzhou Dongwen Education Technology Co., Ltd. (常州東文教育科技有限公司) ("**Changzhou Dongwen**") (an entity controlled by Mr. Jin Wenqing), and (iv) 7.5% by Changzhou Changrui Investment Management Co., Ltd. (常州常瑞投資管理有限公司) ("**Changzhou Changrui**") (an entity controlled by a relative of Dr. Shi and Ms. Chu Lingyuan).

The equity interest held by Changzhou Yunxin, Changzhou Dongwen and Changzhou Changrui in our Company was further transferred to Changzhou Xinshi Venture Capital Partnership (Limited Partnership) (常州鑫氏創業投資合夥企業(有限合夥)) ("**Changzhou Xinshi**") (an associate of Mr. Jin Wenqing) and Changzhou Tongxin Equity Investment Enterprise (Limited Partnership) (常州同信股權投資企業(有限合夥)) ("**Changzhou Tongxin**") (an associate of Dr. Shi and Ms. Chu Lingyuan) in November 2017 due to a change in the shareholding platform of Dr. Shi and Mr. Jin Wenqing's family members.

Major Shareholding Changes of Our Company

Series A Financing

In May 2017, our Company, the then Shareholders and Hangzhou Kaitai Chengde Investment Partnership (Limited Partnership) (杭州凱泰成德投資合夥企業(有限合夥)) (currently known as Hangzhou Kaitai Chengde Venture Capital Partnership (Limited Partnership) (杭州凱泰成德創業投資合夥企業(有限合夥))) ("**Kaitai Chengde**") entered into an equity subscription agreement, pursuant to which, Kaitai Chengde agreed to subscribe for an increase of RMB3,529,412 registered capital of our Company at a consideration of RMB16,000,000 (the "**Series A Financing**"). Upon completion of the Series A Financing, our registered capital was increased to RMB23,529,412.

Series A+ Financing

In June 2018, our Company, the then Shareholders and several investors entered into an equity subscription agreement, pursuant to which, the investors agreed to subscribe for an increase of RMB2,352,942 registered capital of our Company at a total consideration of RMB30,000,000 (the "**Series A+ Financing**"). Upon completion of the Series A+ Financing, our registered capital was increased to RMB25,882,354.

The investors participating in the Series A+ Financing were Ningbo Meishan Bonded Port Area Man'an Investment Management Partnership (Limited Partnership) (寧波梅山保税港區滿安投資管理合夥企業(有限合夥)) (currently known as Shenzhen Man'an Investment Development Partnership (Limited Partnership)) (深圳市滿安投資發展合夥企業(有限合夥)) ("**Youxuan Man'an**"), Ningbo Yinzhou Yuhua Equity Investment Partnership (Limited Partnership) (寧波市鄞州鈺華股權投資合夥企業(有限合夥)) ("**Yinzhou Yuhua**"), Ezhou Yulian Venture Capital Center (Limited Partnership) (鄂州鈺聯創業投資中心(有限合夥)) ("**Ezhou Yulian**") and Ningbo Meishan Bonded Port Area Babel Tower Investment Management Partnership (Limited Partnership) (寧波梅山保税港區巴別塔投資管理合夥企業(有限合夥)) (currently known as Hainan Babel Tower Investment Partnership (Limited Partnership) (海南巴別塔投資合夥企業(有限合夥))) ("**Babel Tower**").

Series B Financing

In January 2020 and May 2020, our Company, the then Shareholders and several investors entered into equity subscription agreements, pursuant to which, the investors agreed to subscribe for an increase of RMB5,775,179 registered capital of our Company at a total consideration of RMB179,854,700 (the "**Series B Financing**"). Upon completion of the Series B Financing, our registered capital was increased to RMB31,657,533.

The investors participating in the Series B Financing were Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd. (珠海市麗珠醫藥股權投資管理有限公司) (currently known as Zhuhai Livzon Investment Development Co., Ltd. (珠海市麗珠投資發展有限公司)) ("**Zhuhai Livzon**"), Xiamen Jinyuan Kaitai Zhanhong Health Growth Venture Capital Investment Partnership (Limited Partnership) (廈門金圓凱泰展鴻健康成長創業投資合夥企業(有限合夥)) ("**Jinyuan Kaitai**"), SCC Venture VII Holdco L, Ltd. (currently known as HSG Venture VII Holdco L, Ltd.) ("**HSG Venture**" or "**HSG**"), Shenzhen Dachen Chenjian No. 1 Equity Investment Enterprise (Limited Partnership) (深圳市達晨晨健一號股權投資企業(有限合夥)) ("**Dachen Chenjian**"), Nanjing Chuangyi Kaitai Venture Capital Partnership (Limited Partnership) (南京創熠凱泰創業投資合夥企業(有限合夥)) ("**Chuangyi Kaitai**") and Changzhou Tongxin.

2021 ESOP Issuance

In January 2021, we set up an employee incentive platform, Atom Zhongchi, to implement the Employee Incentive Scheme. In March 2021, Atom Zhongchi subscribed an increase of RMB302,390 registered capital of our Company at a total consideration of RMB302,390. Upon completion of the foregoing, our registered capital was increased to RMB31,959,923. For details of Atom Zhongchi, see "— Corporate Development and Major Shareholding Changes of Our Company — Employee Incentive Platform" in this section.

Series C Financing

In December 2021, our Company, the then Shareholders and several investors entered into an equity subscription agreement, pursuant to which, the investors agreed to subscribe for an increase of RMB5,639,986.41 registered capital of our Company at a total consideration of RMB300,000,000 (the "**Series C Financing**"). Upon completion of the Series C Financing, our registered capital was increased to RMB37,599,909.41.

The investors participating in the Series C Financing were Beijing New Power Equity Investment Fund (Limited Partnership) (北京新動力股權投資基金(有限合夥)) ("**New Power**"), Shenzhen GTJA Ruijie Investment Partnership (Limited Partnership) (深圳市高特佳睿捷投資合夥企業(有限合夥)) ("**GTJA Ruijie**"), Jiangmen Yifeng Yitong Venture Capital Partnership (Limited Partnership) (江門市倚鋒邑同創業投資合夥企業(有限合夥)) ("**Jiangmen Yifeng**"), Qingdao Qianhe Yafa Investment Center (Limited Partnership) (青島乾合雅法投資中心(有限合夥)) ("**Qingdao Qianhe**"), Jiangsu Jiequan Oriza Intellectual Property Science and Technology Innovation Fund (Limited Partnership) (江蘇聿泉元禾知識產權科創基金(有限合夥)) ("**Jiequan Oriza**"), Hangzhou Kaishi Venture Capital Partnership (Limited Partnership) (杭州凱實創業投資合夥企業(有限合夥)) ("**Kaishi Venture**"), Zhuhai Livzon, Hangzhou Kaitai Hongze Venture Capital Partnership (Limited Partnership) (杭州凱泰宏澤創業投資合夥企業(有限合夥)) ("**Kaitai Hongze**") and HSG Venture.

2023 ESOP Issuance

In November 2023, to further incentivize our employees and expand the scheme limit of the Employee Incentive Scheme, Atom Zhongchi further subscribed an increase of RMB302,391 registered capital of our Company at a total consideration of RMB302,391. Upon completion of the foregoing, our registered capital was increased to RMB37,902,300.41.

Series D1 Financing

Between November 2023 and July 2024, our Company, the then Shareholders and several investors entered into equity subscription agreements ("**Series D Agreements**"), pursuant to which, the investors agreed to subscribe for an increase of RMB7,348,497.98 registered capital of our Company at a total consideration of RMB484,700,000 (the "**Series D1 Financing**"). Upon completion of the Series D1 Financing, our registered capital was increased to RMB45,250,798.39.

The investors participating in the Series D1 Financing were Xiamen Kaitai Kanghui Private Equity Investment Fund Partnership (Limited Partnership) (廈門凱泰康慧私募股權投資基金合夥企業(有限合夥)) ("**Kaitai Kanghui**"), Xiamen Yilian Kaitai Digital Venture Capital Fund Partnership (Limited Partnership) (廈門億聯凱泰數字創業投資合夥企業(有限合夥)) ("**Yilian Kaitai**"), Zhuhai Huajin Lingjian Equity Investment Fund Partnership (Limited Partnership) (珠海華金領健股權投資基金合夥企業(有限合夥)) ("**Huajin Lingjian**"), Zibo Boshan Equity Investment Partnership (Limited Partnership) (淄博博杉股權投資合夥企業(有限合夥)) ("**Zibo Boshan**," collectively with Qingdao Qianhe, "**Qiandao Investment**"), Babel Tower, Qingdao Yiyue Venture Capital Partnership (Limited Partnership) (青島頤悅創業投資合夥企業(有限合夥)) ("**Qingdao Yiyue**"), Hangzhou Qiantang Heda Health Venture Capital Fund Partnership (Limited Partnership) (杭州錢塘和達大健康創業投資基金合夥企業(有限合夥)) ("**Heda Fund**") and Beijing Dachen Caizhi SME Development Fund Partnership (Limited Partnership) (北京達晨財智中小企業發展基金合夥企業(有限合夥)) ("**Dachen Caizhi**," collectively with Dachen Chenjian, "**Dachen Capital**").

Conversion into a Joint Stock Company

On May 25, 2025, the Board approved, among other matters, the proposed conversion of our Company from a limited liability company into a joint stock company, which was approved subsequently at the Shareholders' meeting. On the same day, the then existing Shareholders entered into a promoters' agreement and held the inaugural and the first general meeting of our Company, at which resolutions were passed to approve the conversion into a joint stock company, the then Articles of Association and other relevant procedures. On May 28, 2025, we obtained a new business license and were converted into a joint stock company with 45,250,799 Shares in a nominal value of RMB1.0 each, with the name changed to "Atom Therapeutics Co., Ltd. (杭州新元素藥業股份有限公司)."

Series D2 Financing

In August 2025, pursuant to the Series D Agreements, two investors completed the subscription of 1,023,362 Shares of our Company at a total consideration of RMB67,500,000 (the "**Series D2 Financing**", together with Series D1 Financing, the "**Series D Financing**"). Upon completion of the Series D2 Financing, the Series D Financing was closed and our registered capital was increased to RMB46,274,161.

The investors participating in the Series D2 Financing were Hangzhou Kaitai Zhisheng Equity Investment Partnership Enterprise (Limited Partnership) (杭州凱泰智生股權投資合夥企業(有限合夥)) ("**Kaitai Zhisheng**") and Heda Fund.

Major Equity Transfers of Our Company

Alongside the capital injections, a number of investors had invested in our Company through acquisition of equity capital from our then existing Shareholders from 2019 to 2025. The following table sets our details of the major equity transfers by our then existing Shareholders.

Equity Transfer	Transfer time	Transferer	Transferee	Number of Equity/Shares transferred	Total Consideration
					(RMB)
2019 Equity Transfer	July 2019	Youxuan Man'an	Babel Tower	61,961	908,500
2020 Equity Transfer	April 2020	Youxuan Man'an	Jiayi Taozhu[(1)]	78,431	1,954,043
2021 Equity Transfers	December 2021	Changzhou Xinshi	New Power	331,764	15,000,000
		Changzhou Tongxin	GTJA Ruijie	176,068	7,960,526
		Changzhou Tongxin	Huzhou Hongsu[(2)]	27,647	1,250,000
		Changzhou Tongxin	New Power	17,461	789,474
2023 Equity Transfers	July 2023	Yinzhou Yuhua	Huang Shizhuan (黄世專)	353,882	16,000,000
		Yinzhou Yuhua	Xiamen Jinyuan[(3)]	38,275	1,730,545
		Ezhou Yulian	New Power	179,970	8,136,958
		Ezhou Yulian	Xiamen Jinyuan	50,195	2,269,455
		Ezhou Yulian	HSG Venture	161,992	7,324,133
2025 Equity Transfers	August 2025	Kaitai Kanghui	Fang Liangchang (方良昌)	2,349,943	155,000,000
		Kaitai Kanghui	Chen Mingxian (陳明賢)	909,655	60,000,000
		Kaitai Kanghui	Zhang Huirong (張惠榮)	151,609	10,000,000

Notes:

(1) Beijing Jiayi Taozhu Consulting Service Co., Ltd. (北京嘉懿陶朱諮詢服務有限公司).

(2) Huzhou Hongsu Enterprise Management Partnership (Limited Partnership) (湖州鴻素企業管理合夥企業(有限合夥)).

(3) Xiamen Jinyuan Kaitai Zhanhong Health Growth Phase II Venture Capital Partnership (Limited Partnership) (廈門金圓凱泰展鴻健康成長二期創業投資合夥企業(有限合夥)).

The consideration for each equity transfer was determined through arm's length negotiation between the relevant transferees and transferors with reference to, among others, the parties' respective commercial considerations, the timing of the investment, the original acquisition cost per Share (if applicable), our Company's valuation in the previous financing round, R&D progress and the prospects of our business.

Employee Incentive Platform

To recognize contributions of our employees and to incentivize them to further support our growth, we established Atom Zhongchi in the PRC on January 7, 2021 as our employee incentive platform. We allotted 604,782 Shares to Atom Zhongchi under the Employee Incentive Scheme as of the Latest Practice Date.

As of the Latest Practicable Date, Mr. Jin Wenqing, an executive Director, was the general partner of Atom Zhongchi, holding 98.6% interest, which is reserved for current and future grants under the Employee Incentive Scheme. Mr. Jin Wenqing was responsible for the overall management of Atom Zhongchi and had sole discretion over the voting rights of the Shares it holds. Mr. Huang Kanlin, our chief financial officer, was the sole limited partner of Atom Zhongchi, holding the remaining 1.4% interest. Apart from the awards granted to Mr. Huang Kanling, no awards have been granted under the Employee Incentive Scheme as of the Latest Practicable Date. It is expected that we will grant further awards to certain senior management and employees of our Group who had made important contributions to our Group prior to the [**REDACTED**].

For principal terms of our Employee Incentive Scheme, see "Appendix VI — Statutory and General Information — D. Employee Incentive Scheme."

PRC LEGAL ADVISORS' CONFIRMATION

As advised by our PRC Legal Advisors, our Company and its subsidiaries have made all necessary filings and have complied with applicable PRC laws and regulations in relation to the changes of shareholdings.

PRE-[REDACTED] INVESTMENTS

Principal Terms of the Pre-[REDACTED] Investments

Our Company concluded several rounds of investments with the Pre-[**REDACTED**] Investors. The basis of determination for the consideration of the Pre-[**REDACTED**] Investments were from arm's length negotiations after taking into consideration the timing of the investments and the status of our business operation and product development between (i) our Company and the Pre-[**REDACTED**] Investors in respect of the equity financings; and (ii) the relevant transferors and transferees in respect of the share transfers.

The following tables summarize the key terms of the Pre-[**REDACTED**] Investments in our Company made by the Pre-[**REDACTED**] Investors:

Equity Financing

	Series A Financing	Series A+ Financing	Series B Financing	Series C Financing	Series D Financing
Date of agreement (equity subscription)	May 31, 2017	June 30, 2018	January 18, 2020 and May 11, 2020	December 31, 2021	September 23, 2023 and July 31, 2024
Date of payment of full consideration	July 7, 2017	July 2, 2018	June 19, 2020	February 24, 2022	August 29, 2025
Approximate cost per Share[(1)]	RMB4.5	RMB12.7	RMB31.1	RMB53.2	RMB66.0
Amount of registered capital subscribed	RMB3,529,412	RMB2,352,942	RMB5,775,179	RMB5,639,986	RMB8,371,860
Amount of consideration paid	RMB16,000,000	RMB30,000,000	RMB179,854,700	RMB300,000,000	RMB552,200,000
Discount to the [REDACTED][(2)]	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%
Post-money valuation of our Company[(3)]	RMB106,666,661	RMB329,999,898	RMB985,901,117	RMB2,000,000,124	RMB3,052,200,073
Use of proceeds	We utilize the proceeds to (i) finance our R&D activities; and (ii) fund our daily operations. As of the Latest Practicable Date, approximately 76.3% of the net proceeds from the Pre-[**REDACTED**] Investments had been utilized for the aforementioned purposes. We expect to utilize the remaining proceeds from the Pre-[**REDACTED**] Investments for the same purposes.				

Notes:

(1) The cost per Share is adjusted when applicable to reflect the conversion into a joint stock company of our Company.

(2) The discount to the [**REDACTED**] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range).

(3) The primary reasons for the increase in the valuation of our Company are set forth below:

(i) the increase in the valuation of our Company from Series A Financing to Series A+ Financing was primarily due to the completion of the majority of IND-enabling GLP toxicology studies and key CMC activities for ABP-671.

(ii) the increase in the valuation of our Company from Series A+ Financing to Series B Financing was primarily due to the achievement of the following milestones for ABP-671: (a) the completion of preclinical studies, (b) the clearance of our U.S. IND by the FDA, and (c) the completion of U.S. phase 1 clinical trial, which demonstrated favorable pharmacodynamic results in subjects with hyperuricemia.

(iii) the increase in the valuation of our Company from Series B Financing to Series C Financing was primarily due to the positive topline data from the phase 2a clinical trial of ABP-671.

(iv) the increase in the valuation of our Company from Series C Financing to Series D Financing was primarily due to the following key events: (a) the completion of phase 2 clinical trials in China and overseas, (b) the initiation of a global pivotal clinical trial for ABP-671, and (c) the continued progression in the research and development of our other pipeline assets, including ABP-745.

Equity Transfer

	2019 Equity Transfer	2020 Equity Transfer	2021 Equity Transfers	2023 Equity Transfers	2025 Equity Transfers
Date of agreement(s)	July 1, 2019	April 1, 2020	December 31, 2021	July 31, 2023	August 1, 2025
Date of payment of full consideration	June 11, 2019	April 7, 2020	February 15, 2022	August 15, 2023	August 27, 2025
Approximate cost per Share[(1)]	RMB14.7	RMB24.9	RMB45.2	RMB45.2	RMB66.0
Amount of registered capital acquired	RMB61,961	RMB78,431	RMB552,940	RMB784,314	RMB3,411,207
Amount of consideration paid	RMB908,500	RMB1,954,043	RMB25,000,000	RMB35,461,091	RMB225,000,000
Discount to the [REDACTED][(2)]	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) The cost per Share is adjusted when applicable to reflect the conversion into a joint stock company of our Company. See "— Corporate Development and Major Shareholding Changes of Our Company — Major Equity Transfers of Our Company" in this section for basis of determining the consideration.

(2) The discount to the [**REDACTED**] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range).

Lock-up Period and Strategic benefits of Pre-[REDACTED] Investments

Pursuant to the applicable PRC laws, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) of our Company could not dispose of any of the Shares held by them.

At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors and their knowledge and experience; and (ii) the Pre-[**REDACTED**] Investments demonstrated the Pre-[**REDACTED**] Investors' confidence in the operation and development of our Group. Leveraging the resources provided by the Pre-[**REDACTED**] Investors, we are able to bring in new business opportunities.

Information Relating to Our Pre-[REDACTED] Investors

Our Pre-[**REDACTED**] Investors include certain Sophisticated Investors, such as Kaitai Capital, Zhuhai Livzon, New Power, Heda Fund and HSG. Each Sophisticated Investor has made meaningful investment in the Company at least six months before the [**REDACTED**], holding approximately [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of the total issued Shares immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] are not exercised.

Set out below are details of our Pre-[**REDACTED**] Investors as of the Latest Practicable Date. To the best of our Company's knowledge, information and belief and having made all reasonable enquiries, save for Kaitai Capital (substantial shareholders of our Company), all the other Pre-[**REDACTED**] Investors and their respective ultimate beneficial owners are Independent Third Parties.

Pre-[REDACTED] Investors	Backgrounds
Kaitai Capital . . .	Kaitai Chengde is a limited partnership established under the laws of PRC on March 27, 2017 and managed by its general partner and private fund manager, Hangzhou Kaitai Jie'ao Investment Management Co., Ltd. (杭州凱泰潔奧投資管理有限公司) ("**Kaitai Jie'ao**"). Kaitai Jie'ao is wholly owned by Hangzhou Kaitai Capital Management Co., Ltd. (杭州凱泰資本管理有限公司) ("**Kaitai Management**"), which is controlled by Mr. Xu Yonghong (徐永紅). As of the Latest Practicable Date, Kaitai Chengde had 22 limited partners, with none of them holding 30% or more interest. Except for Kaitai Management, which held 0.4% interest in Kaitai Chengde, the remaining limited partners were Independent Third Parties.

Pre-[REDACTED] Investors	Backgrounds
	Kaitai Zhisheng is a limited partnership established under the laws of PRC on April 10, 2025 and managed by its general partner and private fund manager, Hangzhou Kaitai Changhui Investment Management Co., Ltd. (杭州凱泰長匯投資管理有限公司) ("**Changhui Management**"). Changhui Management is ultimately controlled by Mr. Xu Yonghong. As of the Latest Practicable Date, Kaitai Zhisheng had three limited partners, all of whom were Independent Third Parties. Except for Hangzhou Shangcheng Navigation Entrepreneurship Investment Co., Ltd. (杭州上城領航創業投資有限公司) ("**Shangcheng Navigation**"), which held 90% interest in Kaitai Zhisheng, none of the remaining limited partners held 30% or more interest. Shangcheng Navigation was wholly owned by Finance Bureau of Shangcheng District of Hangzhou (杭州市上城區財政局).
	Jinyuan Kaitai is a limited partnership established under the laws of PRC on January 10, 2020 and managed by its general partner and private fund manager, Kaitai Management. Kaitai Management is controlled by Mr. Xu Yonghong. As of the Latest Practicable Date, Jinyuan Kaitai had 12 limited partners, all of whom were Independent Third Parties. Except for Xiamen Jinyuan Zhanhong Equity Investment Partnership (Limited Partnership) (廈門金圓展鴻股權投資合夥企業(有限合夥)) ("**Jinyuan Zhanhong**"), which held 45.0% interest in Jinyuan Kaitai, none of the remaining limited partners held 30% or more interest. Jinyuan Zhanhong was managed and controlled by its general partner, Xiamen Jinyuan Equity Investment Co., Ltd. (廈門金圓股權投資有限公司) ("**Jinyuan Investment**"). Xiamen Jincai Industry Development Co., Ltd. (廈門金財產業發展有限公司) ("**Jincai Industry**") was the sole limited partner holding 30% or more interests in Jinyuan Zhanhong. Both of Jinyuan Investment and Jincai Industry were ultimately controlled by Xiamen Municipal Finance Bureau (廈門市財政局).

Pre-[REDACTED] Investors	Backgrounds
	Chuangyi Kaitai is a limited partnership established under the laws of PRC on January 15, 2020 and managed by its general partner and private fund manager, Kaitai Management. Kaitai Management is controlled by Mr. Xu Yonghong. As of the Latest Practicable Date, Chuangyi Kaitai had four limited partners, all of whom were Independent Third Parties. Except for Nanjing Hongde Enterprise Management Partnership (Limited Partnership) (南京弘德企業管理合夥企業(有限合夥)) ("**Nanjing Hongde**"), who held 50.0% interest in Chuangyi Kaitai, none of the remaining limited partners held 30% or more interest. Nanjing Hongde was managed and controlled by its general partner, Xu Jinzhong (徐進中). Fang Liangchang (方良昌) is the sole limited partner of Nanjing Hongde, holding 50.0% interest. Yilian Kaitai is a limited partnership established under the laws of PRC on December 8, 2021 and managed by its general partner and private fund manager, Xiamen Kaitai Yilian Investment Management Co., Ltd. (廈門凱泰億聯投資管理有限公司) ("**Yilian Management**"). Yilan Management is ultimately controlled by Kaitai Management, an entity controlled by Mr. Xu Yonghong. As of the Latest Practicable Date, Yilian Kaitai had 21 limited partners, with none of them holding 30% or more interest. Except for Xiamen Kaitai Innovation Equity Investment Co., Ltd. (廈門凱泰創新股權投資有限公司), who held 4.6% interest in Yilian Kaitai and ultimately controlled by Kaitai Management, the remaining limited partners were Independent Third Parties. Kaitai Hongze is a limited partnership established under the laws of PRC on August 27, 2021 and managed by its general partner and private fund manager, Changhui Management. Changhui Management is ultimately controlled by Mr. Xu Yonghong. As of the Latest Practicable Date, Kaitai Hongze had 17 limited partners, with none of them holding 30% or more interest. All 17 limited partners of Kaitai Hongze were Independent Third Parties.

Pre-[REDACTED] Investors	Backgrounds
	Kaishi Venture is a limited partnership established under the laws of PRC on December 9, 2020 and managed by its private fund manager, Kaitai Management. Hangzhou Kaishi Enterprise Management Co., Ltd. (杭州凱實企業管理有限公司) ("**Kaishi Management**"), the general partner of Kaishi Venture, is controlled by Kaitai Management, an entity controlled by Mr. Xu Yonghong. As of the Latest Practicable Date, Kaishi Venture had four limited partners, all of whom were Independent Third Parties. Except for Hangzhou Kaize Enterprise Management Partnership (Limited Partnership) (杭州凱澤企業管理合夥企業(有限合夥)) ("**Hangzhou Kaize**") and Hangzhou Fushi Investment Management Partnership (Limited Partnership) (杭州賦實投資管理合夥企業(有限合夥)) ("**Hanzhou Fushi**"), who held 39.6% and 38.6% interest in Kaishi Venture, respectively, none of the remaining limited partners held 30% or more interest. Hangzhou Kaize was owned as to 42.5% by Shen Changshou (沈長壽), as to 32.5% by Li Ming (李明), and as to 25.0% by Li Jing (李靜). Hangzhou kaize was managed and controlled by its general partner, Li Ming. Hangzhou Fushi was managed and controlled by its general partner, Hangshi Qinglian Enterprise Management Consulting (Hangzhou) Co., Ltd. (杭實輕聯企業管理諮詢(杭州)有限公司) ("**Hangshi Qinglian**"). Hangzhou Industrial Investment Group Co., Ltd. (杭州市實業投資集團有限公司) ("**Hangzhou Industrial**") was the sole limited partner Hangzhou Fushi. Both Hangshi Qinglian and Hangzhou Industrial were ultimately controlled by State-owned Assets Supervision and Administration Commission of Hangzhou Municipal People's Government (杭州市人民政府國有資產監督管理委員會).

Pre-[REDACTED] Investors	Backgrounds
	Xiamen Jinyuan is a limited partnership established under the laws of PRC on October 11, 2022 and managed by its general partner and private fund manager, Changhui Management. Changhui Management is ultimately controlled by Mr. Xu Yonghong. As of the Latest Practicable Date, Xiamen Jinyuan had three limited partners, all of whom were Independent Third Parties. Except for Xiamen Jinyuan Zhanhong Phase II Equity Investment Partnership (Limited Partnership) (廈門金圓展鴻二期股權投資合夥企業(有限合夥)) ("**Jinyuan Zhanhong Phase II**"), who held 84.3% interest in Xiamen Jinyuan, none of the remaining limited partners held 30% or more interest. Jinyuan Zhanhong Phase II was managed and controlled by its general partner, Jinyuan Investment. Jincai Industry was the sole limited partner holding 30% or more interests in Jinyuan Zhanhong Phase II. Both of Jinyuan Investment and Jincai Industry were ultimately controlled by Xiamen Municipal Finance Bureau (廈門市財政局). Kaitai Capital primarily focuses on equity investment in companies with high potential, its portfolio companies in life sciences industry including, among others, CARsgen Therapeutics Holdings Limited (科濟藥業控股有限公司) (SEHK: 2171), Jiangsu Yahong Meditech Co., Ltd. (江蘇亞虹醫藥科技股份有限公司) (SSE: 688176), and Beijing Sun-Novo Pharmaceutical Research Co., Ltd. (北京陽光諾和藥物研究股份有限公司) (SSE: 688621). Kaitai Capital is a Sophisticated Investor, with assets under management of more than RMB8 billion as of June 30, 2025.
Zhuhai Livzon . . .	Zhuhai Livzon is a limited company established under the laws of PRC on May 17, 2019 and controlled by Livzon Pharmaceutical Group Inc. (麗珠醫藥集團股份有限公司) ("**Livzon Pharma**") (SSE: 000513; SEHK: 1513) Livzon Pharma focuses on the field of life and health, with the R&D, production, and sales of pharmaceutical products as its main business. Zhuhai Livzon is an investment arm of Livzon Pharma and a Sophisticated Investor.

Pre-[REDACTED] Investors	Backgrounds
New Power	New Power is a limited partnership established under the laws of PRC on January 29, 2019 and managed by its general partner and private fund manager, Kingray Capital Management Co, Ltd. (北京熙誠金睿股權投資基金管理有限公司) ("**Kingray Capital**"). Kingray Capital is controlled by Beijing Financial Street Capital Operation Group Co., Ltd. (北京金融街資本運營集團有限公司) ("**Financial Street Capital**"), an entity wholly owned by State Owned Assets Supervision and Administration Commission of Xicheng District People's Government of Beijing (北京市西城區人民政府國有資產監督管理委員會). As of the Latest Practicable Date, New Power had eight limited partners, all of whom were Independent Third Parties. Except for Beijing Xicheng Capital Holdings Co., Ltd. (北京熙誠資本控股有限公司) ("**Xicheng Capital**"), who held 40% interest in New Power, none of the remaining limited partners held more than 30% or more interest. Xicheng Capital was wholly owned by Financial Street Capital. Kingray Capital is a PRC-based limited liability company, focusing on investment opportunities in the fields of information security, new energy, industrial intelligence, health care and digital industry. As of June 30, 2025, Kingray Capital had assets under management of RMB8.6 billion. New Power is an investment arm of Kingray Capital and a Sophisticated Investor.
Mr. Fang Liangchang . . .	Mr. Fang Liangchang is an entrepreneur and an Independent Third Party.

Pre-[REDACTED] Investors	Backgrounds
Heda Fund.	Heda Fund is a limited partnership established under the laws of PRC on October 16, 2023. Heda Fund has two general partners, Hangzhou Heda Investment Co., Ltd. (杭州和達投資管理有限公司) ("**Heda Investment**") and Zhejiang Jintou Shengyuan Private Equity Fund Management Co., Ltd. (浙江金投盛源股權投資有限公司) ("**Jintou Fund**"). Heda Investment is ultimately controlled by Hangzhou Qiantang New Area Management Committee (杭州錢塘新區管理委員會). Zhejiang Jinkong Investment Co, Ltd. (浙江金控投資有限公司) ("**Jinkong Investment**") is only shareholder holding 30% or more interest in Jintou Fund. Jinkong Investment is wholly owned by Zhejiang Provincial Department of Finance (浙江省財政廳). As of the Latest Practicable Date, Heda Fund had four limited partners, all of whom were Independent Third Parties. Except for Hangzhou Heda Industry Fund Investment Co., Ltd. (杭州和達產業基金投資有限公司) ("**Heda Industry Fund**"), who held 35.0% interest in Heda Fund, none of the remaining limited partners held 30% or more interest. Heda Industry Fund was also ultimately controlled by Hangzhou Qiantang New Area Management Committee (杭州錢塘新區管理委員會). Heda Investment primarily focus on equity investment in healthcare industry, with assets under management of more than RMB7.0 billion as of June 30, 2025. Heda Fund is an investment arm of Heda Investment and a Sophisticated Investor.
HSG Venture	HSG Venture is an exempted company with limited liability incorporated in the Cayman Islands and is a wholly-owned subsidiary of HongShan Capital Venture Fund VII, L.P. HongShan Capital Venture Fund VII, L.P. is an investment fund with the primary purpose of making equity investments in private companies. The general partner of HongShan Capital Venture Fund VII, L.P. is HSG Venture VII Management, L.P. The general partner of HSG Venture VII Management, L.P. is HSG Holding Limited. HSG Holding Limited is wholly owned by SNP China Enterprises Limited, which is in turn wholly owned by Mr. Neil Nanpeng Shen, an Independent Third Party. None of the limited partners has more than 30% of the limited partnership interests in HongShan Capital Venture Fund VII, L.P.

Pre-[REDACTED] Investors	Backgrounds
Youxuan Man'an .	Youxuan Man'an is a limited partnership established under the laws of PRC on February 23, 2017 and managed by its general partner, Shenzhen Youxuan Asset Management Co., Ltd. (深圳優選資產管理有限公司) ("**Shenzhen Youxuan**"). Shenzhen Youxuan is ultimately controlled by Zhang Cui (張翠), an Independent Third Party. As of the Latest Practicable Date, Shenzhen Youxuan Jinguo No. 1 Venture Capital Partnership (Limited Partnership) (深圳優選金國一號創業投資合夥企業(有限合夥)) ("**Youxuan Jinguo**"), an Independent Third Party, was the sole limited partner Youxuan Man'an, holding 55.6% interest. Youxuan Jinguo was managed by its general partner, Focus (Beijing) Private Equity Fund Management Co., Ltd. (聚焦(北京)私募基金管理有限公司). Shenzhen Youxuan focuses on early and mid-term equity investment in the fields of healthcare and artificial intelligence. Youxuan Man'an is an investment arm of Shenzhen Youxuan.
GTJA Ruijie	GTJA Ruijie is a limited partnership established under the laws of PRC on September 30, 2017 and managed by its general partner, Shenzhen GTJA Hongrui Venture Capital Co., Ltd. (深圳市高特佳弘瑞創業投資有限公司) ("**GTJA Hongrui**"). GTJA Hongrui is ultimately controlled by Bian Zhuang (卞莊), an Independent Third Party. As of the Latest Practicable Date, GTJA Ruijie had two limited partners, both of whom were Independent Third Parties. Among them, Suzhou Chenghe Qingjie Equipment Co., Ltd. (蘇州誠河清潔設備有限公司) ("**Chenghe Qingjie**") held 97.2% interest in GTJA Ruijie. Chenghe Qingjie was also ultimately controlled by Bian Zhuan. GTJA Hongrui primarily focuses on equity investment in the field of healthcare, with assets under management of approximately RMB4.77 billion as of August 31, 2025. GTJA Ruijie is an investment arm of GTJA Hongrui.

Pre-[REDACTED] Investors	Backgrounds
Mr. Chen Mingxian	Mr. Chen Mingxian is an entrepreneur and an Independent Third Party.
Dachen Capital . .	Dachen Chenjian is a limited partnership established under the laws of PRC on May 9, 2017 and managed by its general partner and private fund manager, Shenzhen Dachen Caizhi Venture Capital Management Co., Ltd. (深圳市達晨財智創業投資管理有限公司) ("**Dachen Management**"). Dachen Management is ultimately controlled by Hunan TV & Broadcast Intermediary Co., Ltd. (湖南電廣傳媒股份有限公司), (SZSE: 000917). As of the Latest Practicable Date, Dachen Chenjian had six limited partners, all of whom were Independent Third Parties. Except for Shenzhen Dachen Chuangtong Equity Investment Enterprise (Limited Partnership) (深圳市達晨創通股權投資企業(有限合夥)) ("**Dachen Chuangtong**"), who held 89.7% interest in Dachen Chenjian, none of the remaining limited partners held 30% or more interest. Dachen Chuangtong was managed and controlled by its general partner, Dachen Management. None of the limited partners of Dachen Chuangtong held 30% or more interest. Dachen Caizhi is a limited partnership established under the laws of PRC on April 28, 2022 and managed by its general partner and private fund manager, Dachen Management. Dachen Management is ultimately controlled by Hunan TV & Broadcast Intermediary Co., Ltd. (湖南電廣傳媒股份有限公司), (SZSE: 000917). As of the Latest Practicable Date, Dachen Caizhi had 19 limited partners, all of whom were Independent Third Parties. None of the limited partners of Dachen Caizhi held 30% or more interest. Dachen Management primarily focuses on equity investment in the fields of healthcare, information technology and intelligent manufacturing, with assets under management of approximately RMB60 billion as of August 31, 2025. Each of Dachen Chenjian and Dachen Caizhi is an investment arm of Dachen Management.

Pre-[REDACTED] Investors	Backgrounds
Qiandao Investment	Qingdao Qianhe is a limited partnership established under the laws of PRC on April 29, 2021 and managed by its general partner and private fund manager, Qiandao Investment Fund Management Co., Ltd. (乾道投資基金管理有限公司) ("**Qiandao Fund**"). Qiandao Fund is ultimately controlled by Yan Zurong (鄢祖容), an Independent Third Party. As of the Latest Practicable Date, Qingdao Qianhe had five limited partners, all of whom were Independent Third Parties. Except for Qingdao Qiandao Youyuan Investment Management Center (Limited Partnership) (青島乾道優遠投資管理中心(有限合夥)) ("**Qiandao Youxuan**") and Qingdao Qiandao Yousheng Investment Management Center (Limited Partnership) (青島乾道優盛投資管理中心(有限合夥)) ("**Qiandao Yousheng**"), who held 35.9% and 35.3% interest in Qingdao Qianhe respectively, none of the remaining limited partners held 30% or more interest. Each of Qiandao Youxuan and Qiandao Yousheng was managed and controlled by its general partner, Qiandao Fund. None of the limited partners of Qiandao Youxuan and Qiandao Yousheng held 30% of more interest. Zibo Boshan is a limited partnership established under the laws of PRC on December 18, 2020 and managed by its general partner and private fund manager, Qiandao Fund. Qiandao Fund is ultimately controlled by Yan Zurong (鄢祖容), an Independent Third Party. As of the Latest Practicable Date, Zibo Boshan had nine limited partners, all of whom were Independent Third Parties. None of the limited partner of Zibo Boshan held 30% or more interest. Qiandao Fund primarily focuses on equity investment in fields of healthcare, new-generation information technology, new materials and new energy, with assets under management of RMB3.5 billion as of December 31, 2024. Each of Qingdao Qianhe and Zibo Boshan is an investment arm of Qiandao Fund.

Pre-[REDACTED] Investors	Backgrounds
Jiangmen Yifeng .	Jiangmen Yifeng is a limited partnership established under the laws of PRC on August 20, 2021 and managed by its general partner and private fund manager, Shenzhen Efung Investment Management Limited Partnership Enterprise (深圳市倚鋒投資管理企業(有限合夥)) ("**Efung Management**"). Efung Management is managed and controlled by its general partner, Shenzhen Efung Capital Co., Ltd. (深圳市倚鋒創業投資有限公司) ("**Efung Capital**"), which is ultimately controlled by Zhu Jinqiao (朱晉橋), an Independent Third Party. Shenzhen Efung Holding Group Co., Ltd. (深圳市倚鋒控股集團有限公司) ("**Efung Holding**") is the sole limited partner of Efung Management holding 30% or more interest. Efung Holding is ultimately controlled by Zhu Jinqiao. As of the Latest Practicable Date, Jiangmen Yifeng had ten limited partners, all of whom were Independent Third Parties. None of the limited partner of Jianmen Yifeng held 30% or more interest. Efung Capital primarily focuses on equity investment in the field of healthcare, with assets under management of RMB7 billion as of June 30, 2025. Jiangmen Yifeng is an investment arm of Efung Capital.
Huajin Lingjian . .	Huajin Lingjian is a limited partnership established under the laws of PRC on February 27, 2023 and managed by its general partner and private fund manager Zhuhai Huajin Lingchuang Fund Management Co., Ltd. (珠海華金領創基金管理有限公司) ("**Huajin Management**"). Huajin Management is wholly owned by Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司) (SZSE: 000532) ("**Huajin Capital**"). As of the Latest Practicable Date, Zhuhai Huajin Alpha 6 Equity Investment Fund Partnership Enterprise (Limited Partnership) (珠海華金阿爾法六號股權投資(有限合夥)) ("**Alpha 6**") was the sole limited partner of Huajin Management. Alpha 6 was managed and controlled by its general partner, Zhuhai Huaying Investment Co., Ltd. (珠海鏵盈投資有限公司), a wholly-owned subsidiary of Huajin Capital. Zhuhai Huafa Technology Industry Group Co., Ltd. (珠海華發科技產業集團有限公司) ("**Huafa Technology**") was the sole limited partner of Alpha 6. Huafa Technology was ultimately controlled by State Owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government (珠海市人民政府國有資產監督管理委員會).

Pre-[REDACTED] Investors	Backgrounds
	Huajin Capital is an investment firm focusing on strategic industries including semiconductors and healthcare. As of June 30, 2025, Huajin Capital has assets under management of RMB27.8 billion. Huajin Lingjian is an investment arm of Huajin Capital.
Jiequan Oriza . . .	Jiequan Oriza is a limited partnership established under the laws of PRC on February 26, 2019 and managed by its general partner and private fund manager, Suzhou Oriza Holdings Corporate (蘇州元禾控股股份有限公司) ("**Oriza Holdings**"). Oriza Holdings is ultimately controlled by Suzhou Industrial Park Management Committee (蘇州工業園區管理委員會). As of the Latest Practicable Date, Jiequan Oriza had four limited partners, all of whom were Independent Third Parties. Except for Zhongxin Suzhou Industrial Park Venture Capital Co., Ltd. (中新蘇州工業園區創業投資有限公司) ("**Zhongxin Venture Capital**"), who held 64.9% interest in Jiequan Oriza, none of the remaining limited partners held more than 30% or more interest. Zhongxin Venture Capital was also ultimately controlled by Oriza Holdings. Oriza Holdings is an investment group focused on equity investment, fund of funds, and credit finance. It primarily empowers technology enterprises and strategic emerging industries with comprehensive financial services to foster innovation. Jiequan Oriza is an investment arm of Oriza Holdings.
Huang Shizhuan .	Mr. Huang Shizhuan is an entrepreneur and an Independent Third Party.

Pre-[REDACTED] Investors	Backgrounds
Qingdao Yiyue. . .	Qingdao Yiyue is a limited partnership established under the laws of PRC on September 18, 2020 and managed by its general partner and private fund manager, Nnfe Private Equity Fund Management (Beijing) Co., Ltd. (新誼私募基金管理(北京)有限公司) ("**Nnfe Management**"). Nnfe is ultimately controlled by Song Xiaoyu (宋笑宇), an Independent Third Party. As of the Latest Practicable Date, Qingdao Yiyue had six limited partners, all of whom were Independent Third Parties. Except for Beijing Xinruimaisi Biotechnology Co., Ltd. (北京新瑞邁斯生物科技有限公司) ("**Beijing Xinruimaisi**"), who held 30% interest in Qingdao Yiyue, none of the remaining limited partners held more than 30% or more interest. Beijing Ronglin Biotechnology Co., Ltd. (北京融霖生物科技有限公司) ("**Beijing Ronglin**") was the sole ultimate beneficial owner holding 30% or more interest in Beijing Xinruimaisi. Beijing Ronglin was wholly owned by Li Yongming (李永明). Nnfe Management is a private equity firm, focusing on high-growth sectors including clean energy, healthcare, and intelligent manufacturing. As of August 2025, Nnfe Management had assets under management of RMB10 billion. Qingdao Yiyue is an investment arm of Nnfe Management.
Babel Tower	Babel Tower is a limited partnership established under the laws of PRC on May 10, 2018 and managed by its general partner, Guo Yupeng (郭宇鹏), an Independent Third Party. As of the Latest Practicable Date, Song Fei (宋斐), an Independent Third Party, was the sole limited partner of Babel Tower. Babel Tower is primarily engaging in equity investment activities.
Ms. Zhang Huirong	Ms. Zhang Huirong is an entrepreneur and an Independent Third Party.
Jiayi Taozhu	Jiayi Taozhu is a limited company established under the laws of PRC on February 12, 2019. As of the Latest Practicable Date, Jiayi Taozhu was owned by Chen Feng (陳峰) as to 51% and owned by Wei Huidi (韋慧迪) as to 49%, both of whom were Independent Third Parties. Jiayi Taozhu is primarily engaging in management consulting services.

Pre-[REDACTED] Investors	Backgrounds
Huzhou Hongsu . .	Huzhou Hongsu is a limited partnership established under the laws of PRC on November 1, 2021 and managed by its general partner, Teng Yuhang (滕宇航), an Independent Third Party. As of the Latest Practicable Date, Huzhou Hongsu had two limited partners, namely Bao Yuanye (包原野) and Xie Yibing (謝益彬), both of whom were Independent Third Parties. Huzhou Hongsu is primarily engaging in equity investment activities.

Special Rights of the Pre-[REDACTED] Investors

Our Company and, among others, the Pre-[**REDACTED**] Investors entered into a shareholder agreement dated July 31, 2024 and its supplemental agreement dated May 28, 2025 (collectively, the "**Shareholder Agreements**"). Pursuant to the Shareholder Agreements, the Pre-[**REDACTED**] Investors were granted certain special rights, including, among others, (i) pre-emptive rights; (ii) the right to appoint Directors and board observers; (iii) redemption rights; (iv) anti-dilution protection rights; (v) tag-along rights; (vi) liquidation preferences; (vii) rights of first refusal and co-sale; and (vii) information and inspection rights.

On August 15, 2025, the parties to the Shareholder Agreements entered into a supplemental agreement, pursuant to which the redemption rights shall terminate with effect from the date on which the Company first submits its [**REDACTED**] to the Stock Exchange. The redemption rights shall automatically resume upon the occurrence of the earliest of the following events: (i) the [**REDACTED**] submitted by the Company to the Stock Exchange are not accepted (including being returned or rejected); (ii) the Company withdraws its [**REDACTED**]; (iii) the Company fails to complete the [**REDACTED**] on the Stock Exchange by December 31, 2027; or (iv) the Company's [**REDACTED**] is not approved by the Stock Exchange. All other special rights granted to the Pre-[**REDACTED**] Investors shall automatically terminate upon the completion of the [**REDACTED**].

Sole Sponsor's Confirmation

On the basis that (i) the [**REDACTED**] will take place no earlier than 120 clear days after completion of the investment of the Pre-[**REDACTED**] Investors; and (ii) save to the extent allowed under Chapter 4.2 of the Guide, divestment rights and all other special rights of the Pre-[**REDACTED**] Investors have been terminated prior to the first submission of our Company's [**REDACTED**], the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Listing Guide.

PUBLIC FLOAT AND FREE FLOAT

Following the completion of the [**REDACTED**], 10,726,241 Unlisted Shares will not be converted into H Shares and remain unlisted, and thus will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules.

The 15,572,664 H Shares to be converted from Unlisted Shares held by Dr. Shi, Kaitai Capital and Atom Zhongchi will not be considered as part of the public float as the aforesaid Shareholders are core connected persons of our Group or their respective close associate.

To the best of our Directors' knowledge, information and belief and having made all reasonable inquiries, save as disclosed above, none of the existing Shareholders (i) is a core connected person of our Group; (ii) has been financed directly or indirectly by a core connected person of our Group for the subscription of Shares; or (iii) is accustomed to taking instructions from a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them. Therefore, the 19,975,256 H Shares to be converted from the Unlisted Shares held by the other existing Shareholders will be treated as part of the public float of our Company following [**REDACTED**] for the purpose of Rule 19A.13A of the Listing Rules.

Upon [**REDACTED**], our Company will satisfy the public float requirement under Rule 19A.13A(1) of the Listing Rules. This calculation assumes that (i) [**REDACTED**] H Shares are allotted and issued in the [**REDACTED**], (ii) the [**REDACTED**] is not exercised, (iii) 35,547,920 Unlisted Shares held by our existing Shareholders are converted into H Shares, and (iv) [**REDACTED**] H Shares are in issue upon completion of the [**REDACTED**]. Based on these assumptions, [**REDACTED**] H Shares, equivalent to [**REDACTED**]% of the total number of issued Shares of our Company, will be counted towards the public float, which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules, representing [**REDACTED**] of H Shares to be held in public hands (applicable at the indicative [**REDACTED**] range).

At the time of [**REDACTED**], our Company is expected to satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules, with sufficient H Shares held by the public and available for trading.

MAJOR ACQUISITIONS AND DISPOSALS

During the Track Record Period, we did not conduct any acquisitions, disposals or mergers that we consider to be material.

OUR CAPITALIZATION

The below table is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised):

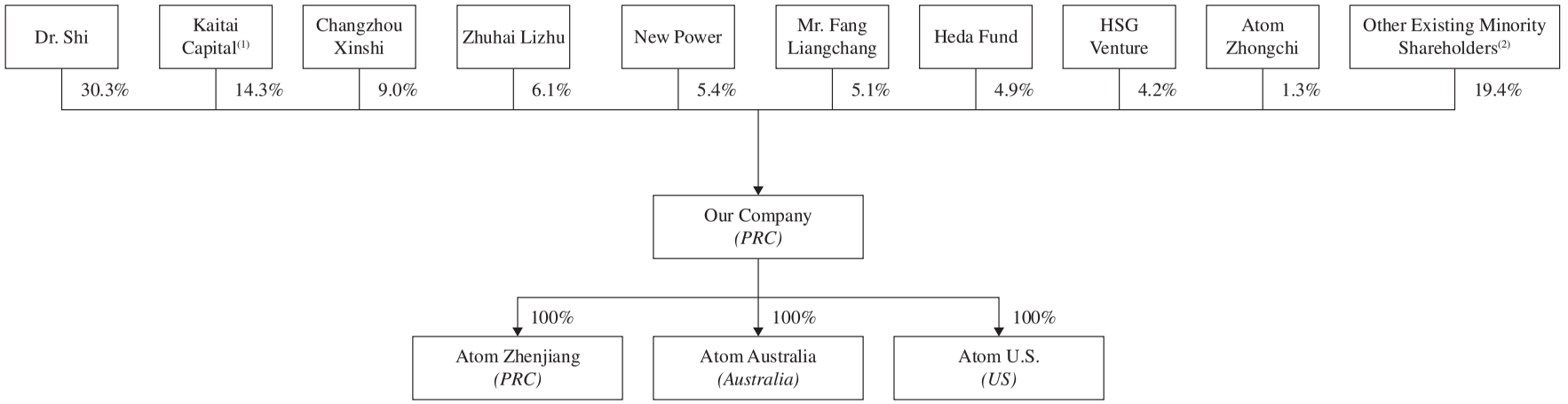
	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
			Number of Shares		
Name of Shareholder	Number of Shares	% as to the total issued share capital of our Company	H Shares	Unlisted Shares	% as to the total issued share capital of our Company
Dr. Shi	14,000,000	30.3%	11,666,200	2,333,800	[**REDACTED**]
Kaitai Capital					
– Kaitai Chengde	3,529,412	7.6%	1,764,706	1,764,706	[**REDACTED**]
– Kaitai Zhisheng	682,241	1.5%	341,121	341,120	[**REDACTED**]
– Jinyuan Kaitai	642,205	1.4%	321,103	321,102	[**REDACTED**]
– Chuangyi Kaitai	642,205	1.4%	321,103	321,102	[**REDACTED**]
– Yilian Kaitai	454,828	1.0%	227,414	227,414	[**REDACTED**]
– Kaitai Hongze	281,999	0.6%	141,000	140,999	[**REDACTED**]
– Kaishi Venture	281,999	0.6%	141,000	140,999	[**REDACTED**]
– Xiamen Jinyuan	88,470	0.2%	44,235	44,235	[**REDACTED**]
Changzhou Xinshi	4,168,236	9.0%	1,389,411	2,778,825	[**REDACTED**]
Zhuhai Livzon	2,814,638	6.1%	2,814,638	–	[**REDACTED**]
New Power	2,488,348	5.4%	2,488,348	–	[**REDACTED**]
Fang Liangchang	2,349,943	5.1%	1,174,972	1,174,971	[**REDACTED**]
Heda Fund	2,274,138	4.9%	2,274,138	–	[**REDACTED**]
HSG Venture	1,925,440	4.2%	1,925,440	–	[**REDACTED**]
Youxuan Man'an	1,321,569	2.9%	1,321,569	–	[**REDACTED**]
GTJA Ruijie	1,318,907	2.9%	1,318,907	–	[**REDACTED**]
Changzhou Tongxin	1,301,301	2.8%	1,301,301	–	[**REDACTED**]
Chen Mingxian	909,655	2.0%	454,828	454,827	[**REDACTED**]
Dachen Capital					
– Dachen Chenjian	642,205	1.4%	642,205	–	[**REDACTED**]
– Dachen Caizhi	454,828	1.0%	454,828	–	[**REDACTED**]
Qiandao Investment					
– Qingdao Qianhe	375,999	0.8%	375,999	–	[**REDACTED**]

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
			Number of Shares		
Name of Shareholder	Number of Shares	% as to the total issued share capital of our Company	H Shares	Unlisted Shares	% as to the total issued share capital of our Company
– Zibo Boshan	303,218	0.7%	303,218	–	[**REDACTED**]
Atom Zhongchi	604,782	1.3%	604,782	–	[**REDACTED**]
Jiangmen Yifeng	469,999	1.0%	469,999	–	[**REDACTED**]
Huajin Lingjian	454,828	1.0%	227,414	227,414	[**REDACTED**]
Jiequan Oriza	375,999	0.8%	375,999	–	[**REDACTED**]
Huang Shizhuan	353,882	0.8%	176,941	176,941	[**REDACTED**]
Qingdao Yiyue	303,218	0.7%	303,218	–	[**REDACTED**]
Babel Tower	201,982	0.4%	–	201,982	[**REDACTED**]
Zhang Huirong	151,609	0.3%	75,805	75,804	[**REDACTED**]
Jiayi Taozhu	78,431	0.2%	78,431	–	[**REDACTED**]
Huzhou Hongsu	27,647	0.1%	27,647	–	[**REDACTED**]
[**REDACTED**]	–	–	[**REDACTED**]	–	[**REDACTED**]
Total	**46,274,161**	**100.0%**	[**REDACTED**]	**[10,726,241]**	[**REDACTED**]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the [REDACTED]

The following chart sets forth our corporate and shareholding structure immediately prior to the [**REDACTED**]:



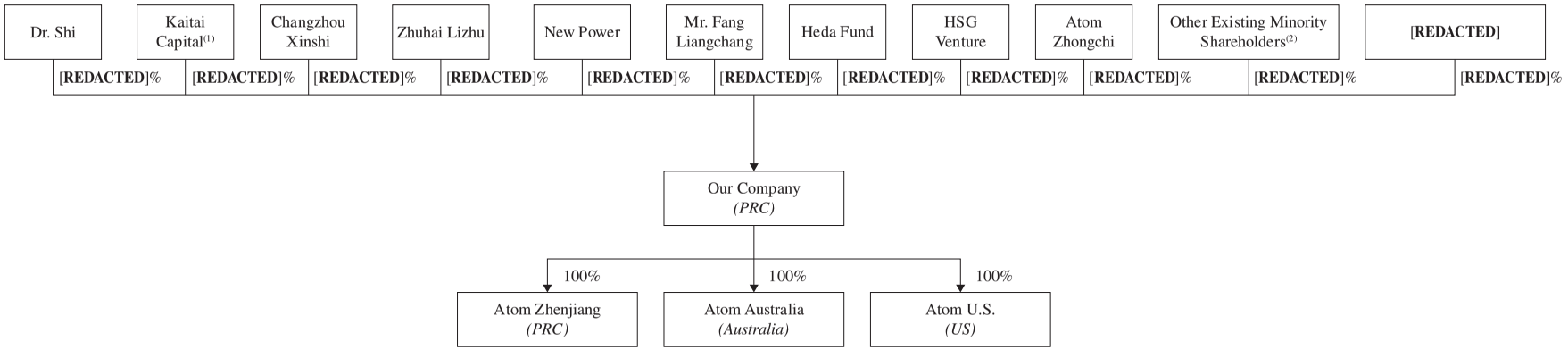
Notes:

(1) Kaitai Capital includes Kaitai Chengde, Kaitai Zhisheng, Jinyuan Kaitai, Chuangyi Kaitai, Yilian Kaitai, Kaitai Hongze, Kaishi Venture and Xiamen Jinyuan. For background of Kaitai Capital, see "— Pre-[**REDACTED**] Investments — Information Relating to Our Pre-[**REDACTED**] Investors" in this section.

(2) Representing 17 existing minority Shareholders and each of them held less than 5.0% shareholding of our Company as of the Latest Practicable Date. For details, see "— Our Capitalization" in this section.

Immediately Upon Completion of the [REDACTED]

The following chart sets forth our corporate and shareholding structure immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised:



Notes: See notes (1) to (2) to the chart in "— Immediately prior to the [**REDACTED**]" in this section.

OVERVIEW

Who We Are

We are a global innovator in the fields of metabolic and inflammatory diseases, focusing on major therapeutic areas. By driving innovation from the source, we are committed to developing globally competitive and commercially valuable therapies, achieving differentiated advancements that reshape relevant treatment landscape. Centered on gout and hyperuricemia, the largest chronic disease burden after the "three highs" (hypertension, hyperglycemia and hyperlipidemia), we have been the first globally to develop a treatment portfolio covering the full spectrum of gout patient care, comprehensively addressing indications including hyperuricemia, chronic gout, acute gout flares, tophus dissolution, and chronic kidney disease ("**CKD**") associated with hyperuricemia. Our independently developed Core Product, ABP-671 (lingdolinurad), is a potential best-in-class urate transporter 1 ("**URAT1**") inhibitor for first-line treatment both globally and in China. ABP-671 has demonstrated superior urate-lowering efficacy and notable safety advantages compared with currently available first-line therapies as well as major investigational drugs. It has also shown outstanding clinical benefits in further dissolving tophi, reducing urate crystal burden, and lowering the frequency of acute gout flares. These strengths position ABP-671 as a potential new standard of care for the treatment of gout and hyperuricemia.

Building on our foundational knowledge and deep understanding of systems biology and metabolomics in the fields of metabolism and inflammation, we have creatively established a drug discovery platform based on structure-metabolism analysis of the drug metabolic process. This platform enables structural optimization of existing drugs or entirely novel designs to develop both best-in-class and first-in-class candidates. Leveraging this core technology platform, we not only advanced ABP-671, but also generated subsequent assets such as ABP-745 and AT6616, which have demonstrated competitive preclinical and clinical data as well as therapeutic potential across multiple indications, with promising prospects for future development.

Our Product Matrix

By leveraging our deep understanding of disease mechanisms and sharp industry insight, we focus on urgently needed but underserved treatments. Through systematic research into the clinical metabolic profiles and metabolic shortcomings of marketed and investigational drugs, such as issues leading to suboptimal efficacy or insufficient safety, we aim to launch or develop potentially transformative therapies. Specifically, we have established a drug discovery platform built upon structure-metabolism analysis. It has enabled us to discover and structurally optimize novel compounds in a targeted manner guided by structure-activity relationship ("**SAR**") based on metabolic analysis. In addition, we will embed AI and other technological tools in our drug innovation efforts to enhance early-stage design and screening efficiency, continuously broadening and iterating a differentiated pipeline with significant potential clinical value. By applying stringent screening and testing criteria focused on drug

developability and leveraging rich SAR datasets, we are able to precisely identify potentially best-in-class candidates with superior potency and improved safety profiles, significantly enhancing the overall developability and prospect of our drug candidates.

We have built a well-structured and technologically advantaged product pipeline in the areas of metabolic diseases treatment and anti-inflammatory therapy, spanning multiple underserved markets with significant unmet needs and broad potential, including chronic gout, acute gout flares, atherosclerosis, CKD, and pericarditis. For large indications such as atrial fibrillation ("**AFib**")/ventricular arrhythmias and metabolic dysfunction-associated steatohepatitis ("**MASH**"), we are also developing innovative drugs with strong efficacy and reduced side effects. In parallel, we will actively apply AI and other technologies to support efficient design and screening in early R&D, continuously expanding and iterating a differentiated pipeline with substantial potential clinical value. Our ultimate goal is to deliver safe and highly effective breakthrough therapies to patients worldwide. The pipeline chart below summarizes the clinical and preclinical development status of our drug candidates as of the Latest Practicable Date.

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

Asset	Target/ Mechanism	Mono/ Combo	Indication	Preclinical	IND	Phase 1	Phase 2	Phase 3	NDA	Upcoming Milestone	Commercial Rights	Partnership
★ **ABP-671**	URAT1 Inhibitor	Mono	Gout and Hyperuricemia							2025Q4 CSR for the Part 1 of the Ph2b/3 trial 2026Q1 Start Ph3 2026Q4 Lock database for Ph3	Global	CMS 康哲药业 (1)
		Combo(2)	CKD associated with Hyperuricemia				(3)			2026Q1 Start Ph2, if approved	Global	
		Mono or Add-on(4)	Refractory Gout and/or Tophaceous Gout				(3)			2026Q2 Start Ph3, if approved	Global	
ABP-745	Colchicine Analogue	Mono	Acute Gout Flares							2026Q2 Complete Ph2	Global	
		Add-on(4)	Atherosclerosis				(5)			2025Q4 Submit IND for Ph2	Global	
		Mono	Rare Diseases				(5)			2026Q3 Submit IND for Ph2	Global	
AT6616	Undisclosed	Mono	AFib							/	Global	
ABP-6016	Undisclosed	Mono	MASH							/	Global	
ABP-6118	XO inhibitor	Combo(2)	CKD associated with Hyperuricemia							/	Global	

★ Core Product Global China Preclinical Directly enter Phase 2 or later clinical trials after IND Approval

Abbreviations: CKD: chronic kidney disease; URAT1: urate transporter 1; MASH: metabolic dysfunction-associated steatohepatitis; AFib: atrial fibrillation; XO: xanthine oxidase

Notes:

(1) We have entered into an agreement with CMS through its subsidiary, pursuant to which we collaborate with CMS for the exclusive commercialization of ABP-671 in Mainland China, Hong Kong and Macau for the treatment of gout and hyperuricemia. For additional information, see "— Commercialization — Commercialization Arrangement with CMS on ABP-671."

(2) We intend to explore ABP-671 and ABP-6118 for the treatment of CKD associated with hyperuricemia. For ABP-671, we plan to investigate its combination with an XO inhibitor. For ABP-6118, we intend to explore the potential of combining it with ABP-671 to leverage their complementary mechanism of actions in treating CKD patients with hyperuricemia.

(3) We intend to leverage the existing clinical trial results of ABP-671 and communicate with the relevant health authorities on the possibility of direct entry into Phase 2 or Phase 3 clinical trials for these indications. As of the Latest Practicable Date, we had not had such regulatory communications.

(4) "Add-on" therapy refers to a drug that is added to a patient's existing standard treatment to achieve additional benefits. This new therapy augments an established therapy without replacing it. Different from combination therapies which typically refer to using two or more drugs together, an add-on therapy is layered on top of an initial therapy.

(5) We intend to leverage the Phase 1 clinical trial results of ABP-745 and initiate Phase 2 clinical trials of ABP-745 for the treatment of atherosclerosis or certain rare diseases. As of the Latest Practicable Date, we had not had any regulatory communications with respect to such plan.

ABP-671

Core Product ABP-671 is a potential best-in-class URAT1 inhibitor for first-line treatment globally and in China, targeting metabolic disorders exemplified by gout and hyperuricemia.

Gout and hyperuricemia are prevalent chronic metabolic disorders that require long-term medication and impose an ongoing economic burden on patients and healthcare systems. Persistent hyperuricemia can lead to monosodium urate crystal formation and the onset of gout. According to Frost & Sullivan, the global population affected by hyperuricemia reached approximately 1,141.8 million in 2024 and is projected to further grow to 1,359.5 million by 2033. The global market size of treatment for gout and hyperuricemia is expected to expand from US$3.2 billion in 2024 to US$10.7 billion in 2033, representing a CAGR of 14.2%. Gout increases the risk of developing various comorbid conditions, such as cardiovascular diseases, CKD, urinary tract stones, and joint disorders. These comorbidities complicate the management and treatment of gout.

The incidence of gout has been increasing year by year and is increasingly affecting younger populations, according to the Frost & Sullivan. Gout patients are often afflicted by multiple comorbidities, which contribute to higher rates of hospital readmission and all-cause mortality. In recent years, driven by increased public health awareness and advances in diagnostic screening, a growing number of individuals with elevated serum uric acid ("**sUA**") levels are actively seeking safe and effective long-term treatments. However, the current treatment guidelines offer limited choices, primarily confined to three drugs, including febuxostat, benzbromarone and allopurinol. Febuxostat has been associated with an increased risk of sudden cardiac death, prompting the FDA to require a black-box warning. It is also linked to severe liver injury and hepatic failure. Benzbromarone carries significant hepatotoxicity and acts as a highly strong inhibitor of the CYP2C9 enzyme, posing a risk of fatal outcomes such as fulminant hepatitis and acute liver failure. Allopurinol, on the other hand, has limited efficacy and is prone to causing severe, potentially fatal allergic skin rash.

Due to these safety concerns, patient willingness for treatment adherence is low, highlighting the urgent need for safer and more effective breakthrough therapies. Currently, most investigational and newly approved therapies are structural modifications based on the benzbromarone scaffold. However, the scaffold presents a well-documented risk of hepatotoxicity, primarily due to the metabolic oxidation of an aryl group in the body, which can generate toxic benzoquinone species that may cause liver function abnormalities, such as elevated transaminases, jaundice, and hepatocellular injury, and in severe cases, fulminant hepatitis. Such intrinsic risk is difficult to avoid, posing significant challenges for modified compounds in fully overcoming hepatotoxicity.

Our self-developed Core Product, ABP-671, features a unique chemical structure eliminating hepatotoxicity risks relative to benzbromarone and derivatives based on its core scaffold. ABP-671 also exhibits greater target selectivity and superior urate-lowering efficacy. Currently undergoing Phase 2b/3 clinical trials in both the U.S. and China for the treatment of gout and hyperuricemia, ABP-671 is therefore a potentially best-in-class Class 1 innovative URAT1 inhibitor for first-line treatment.

Preclinical studies of ABP-671 showed no observable adverse effect levels ("**NOAELs**") of 200 mg/kg/day in 26-week and 39-week toxicity studies in rats and cynomolgus monkeys, equivalent to human doses of 1,944 mg and 3,888 mg for a 60 kg person. In human plasma, approximately 90% of ABP-671 remains in its parent form and does not generate toxic metabolites, thereby enhancing therapeutic efficacy while eliminating the risk of liver toxicity caused by metabolic byproducts. ABP-671 has demonstrated meaningful improvements in tophi dissolution, reduction of urate crystal burden, and mitigation of hyperuricemia-related complications in clinical trials. These benefits are supported by clinical data from over 750 patients across the U.S., China, Australia, and other countries and regions as of the Latest Practicable Date. Clinical data from Phase 1 (the U.S.), Phase 2 (Australia), and Phase 1/2a (China) trials show that all adverse events ("**AEs**") were Grade 1 or 2 and no liver toxicity was identified, highlighting a safety profile superior to current first-line therapies and mainstream drugs.

In addition, literature suggests that ABP-671 at doses of 2-4 mg may offer urate-lowering efficacy comparable to, or even exceeding, that of the highest approved doses (80 mg) of benzbromarone or febuxostat. ABP-671 has also demonstrated a marked therapeutic effect in reducing the frequency of acute gout flares. In addition, ABP-671 showed strong efficacy in dissolving tophi: during six months of treatment, subjects experienced significant tophus shrinkage, with an approximately 91% response rate in reduction of tophus diameter from baseline to week 28. Such result indicates that ABP-671 effectively and sustainably lowers sUA levels, eliminating urate crystal deposition in human tissues, offering strong evidence of its potential to improve quality of life for patients with gout. With its ability to expand both the safety margin and therapeutic benchmark, we believe ABP-671 is well positioned to become a best-in-class candidate for effective sUA control and gout management as a first-line treatment.

ABP-671 has also shown promising preclinical results across multiple indications beyond gout and hyperuricemia, including CKD associated with hyperuricemia and refractory gout (or tophaceous gout). In rat models of hyperuricemia, ABP-671 significantly reduced sUA and blood urea nitrogen levels, while the high dose group also demonstrated a significant reduction in serum creatinine levels. In rat models of CKD associated with hyperuricemia induced by adenine and potassium oxonate, ABP-671 demonstrated both urate-lowering efficacy and the ability to reduce renal interstitial fibrosis and renal urate crystal deposition. It also showed potential in effectively mitigating renal tubular necrosis and inflammatory cell infiltration. For the indication of CKD associated with hyperuricemia, we plan to initiate a Phase 2 clinical study in the first quarter of 2026.

ABP-745

ABP-745 is a colchicine analogue with significant safety advantages and the potential to become a breakthrough therapy, targeting the treatment of conditions such as acute gout flares and atherosclerosis by simultaneously reducing various inflammatory factors, including interleukin-1 beta ("**IL-1β**"), interleukin-6 ("**IL-6**"), interleukin-18 ("**IL-18**"), and tumor necrosis factor-alpha ("**TNF-α**").

Acute gout flares are a typical and common manifestation during the progression of gout. According to Frost & Sullivan, there were over 13 million gout patients in the U.S. in 2024, with an average of 6.6 acute gout flares per patient annually, translating to approximately 80 million flare cases in the whole year. In China, the number of gout patients increased from 15.2 million in 2019 to 25.3 million in 2024 and is projected to reach 44.0 million by 2033. Globally, the acute gout flare market size reached US$1.5 billion in 2024, and is expected to reach US$5.0 billion by 2033, representing a CAGR of 14.3% during the period. Meanwhile, the acute gout flare market size in China is projected to reach US$0.8 billion by 2033, representing a CAGR of 27.4% from 2024 to 2033.

Acute gout flares are increasingly affecting younger populations, with patients often experiencing excruciating pain and severe inflammatory responses during flare-ups. However, current treatment guidelines rely on first-line therapies such as colchicine, non-steroidal anti-inflammatory drugs ("**NSAIDs**"), and corticosteroids, all of which are associated with significant adverse effects. For example, colchicine causes gastrointestinal adverse reactions in up to 80% of patients, poses risks of hematological toxicity (e.g., bone marrow suppression), and has dangerous drug-drug interactions ("**DDI**"), with oral doses of 7-26 mg being fatal in humans. NSAIDs and corticosteroids are linked to gastrointestinal discomfort, cardiovascular risks, and osteoporosis. Second-line treatments, such as IL-1β inhibitors, also have clinical limitations, including increased risks of severe infections, immunosuppression, allergic reactions, inconvenient administration methods (hospital-based injections), and high costs. Thus, there is an urgent and unmet need in the market for safer, more effective, and cost-efficient treatment options to improve the management of acute gout flares.

Our independently developed ABP-745 is a novel small-molecule drug with significant efficacy and remarkable safety for the treatment of acute gout flares. It is designed to target the first-line drug market in the field of acute gout flares and potentially address the longstanding lack of effective and safer therapies in the field of acute gout flares. ABP-745 has successfully completed a Phase 1 clinical trial in the U.S. and is advanced to global multi-center Phase 2 clinical trials in the U.S., Australia, China, and other regions. As a colchicine analogue, ABP-745 has undergone structural modifications to achieve far superior safety compared to colchicine, particularly in terms of gastrointestinal AEs, with the safety improved by 25-30 times through chemical structural modification of colchicine. In addition, ABP-745 does not cause DDI through Cytochrome P450 ("**CYP**") enzyme system inhibition.

According to the Phase 1 clinical data from the U.S., all AEs associated with ABP-745 were classified as Grade 1 or 2, with no occurrence of severe gastrointestinal or hematological AEs commonly observed with colchicine (gastrointestinal AEs in around 80% of patients, including vomiting, diarrhea, abdominal pain, and loss of appetite, which in severe cases can lead to electrolyte imbalances and dehydration, as well as hematological issues such as thrombocytopenia and aplastic anemia). In addition, ABP-745 demonstrated favorable pharmacokinetic properties, including rapid absorption, quick achievement of steady-state levels, minimal accumulation, and absence of food effect. Combining an elevated safety profile, rapid onset of action, significant efficacy, convenient oral administration, as well as the potential to avoid DDI, ABP-745 is positioned to outperform existing therapeutic options for gout flares and meet the urgent clinical needs of acute gout flare patients worldwide.

Atherosclerosis is primarily caused by vascular endothelial injury, after which low-density lipoprotein ("**LDL**") cholesterol deposits in the vessel wall and undergoes oxidation. It triggers an inflammatory response that attracts macrophages, which engulf the oxidized LDL to form "foam cells." Over time, these evolve into lipid plaques, leading to vascular narrowing and hardening. Atherosclerosis is the initiating factor for acute complications such as myocardial infarction, stroke, sudden death, and vegetative states, significantly increasing the risk of peripheral arterial disease in patients. Severe atherosclerosis can reduce life expectancy by five to ten years, and high-risk individuals without intervention face a two to four times higher risk of cardiovascular events compared to the general population. There also remains a broad unmet clinical need in the field of atherosclerosis.

Lipid-lowering therapies, represented by statins, have been widely used as first-line treatments for atherosclerosis. However, they fail to fully eliminate inflammatory risks and plaque burden. Inflammation plays a role in every stage of atherosclerotic disease, and anti-inflammatory drugs could have positive impact on plaque treatment. However, due to limitations in drug targets, severe side effects, and lack of safe and effective anti-inflammatory drugs, existing therapies cannot meet the demand for long-term, low-toxicity, broad-spectrum, and precise regulation required for atherosclerosis treatment. With substantial unmet clinical needs, the atherosclerosis market has become a key segment in global cardiovascular disease treatment, ranking as the second-largest disease market worldwide after diabetes. By 2033, the global market size for atherosclerotic cardiovascular disease ("**ASCVD**") treatments is projected to reach US$74.1 billion, according to Frost & Sullivan. There is an urgent need for breakthrough therapies that can significantly reduce drug toxicity while effectively controlling and reducing plaque.

ABP-745 has demonstrated good inhibitory effects on multiple inflammatory factors, including the ability to inhibit the release of multiple inflammatory factors, such as IL-1β, IL-6, IL-18, and TNF-α, as well as to suppress the aggregation of inflammatory cells at plaque sites and inhibit macrophage foam cell formation. These anti-inflammation effects highlight its strong therapeutic potential in the treatment of atherosclerosis. ABP-745 is expected to provide additional benefits in plaque volume reduction and cardiovascular outcomes on top of existing lipid-lowering therapies. Animal studies have shown that ABP-745 achieved up to a 56.1% inhibition rate in aortic plaque area, while also demonstrating strong synergistic effects when combined with statins for the treatment of cardiovascular diseases. Such combination has the potential to reverse plaques in patients in clinical settings and reduce rehospitalization and mortality rates caused by cardiovascular diseases, effectively mitigating the life-shortening impact of atherosclerosis, and offering significant market potential. We are actively planning to submit an investigational new drug ("**IND**") application for Phase 2 clinical trial in the atherosclerosis indication of ABP-745 in the fourth quarter of 2025 in both the U.S. and China simultaneously, aiming to unlock the full potential of ABP-745 in cardiovascular disease treatment.

Beyond ABP-671 and ABP-745, our other preclinical pipeline products cover areas such as cardiovascular, metabolic diseases, and rare diseases. By leveraging in-house R&D to create differentiated advantages, we believe that the core strengths of these pipeline candidate compounds lie in their potential to improve clinical activity while reducing side effects, laying a solid foundation for delivering clinical value in the future.

Our Path to Date and Forward

Since inception, we have adopted a strategy of global clinical development, with synchronized clinical programs across the U.S., China, and Europe. For both ABP-671, our Core Product, and ABP-745, we initiated clinical trials in and out of China, laying a solid foundation for global regulatory approvals and international commercialization.

We have established R&D and operational teams in both China and the U.S. and built a broad clinical trial network that spans major global markets, including North America, Europe, and Asia-Pacific. As of the Latest Practicable Date, ABP-671 was being evaluated in a global multi-regional clinical trial ("**MRCT**") across over 100 clinical sites in six countries and regions, with over 750 subjects enrolled in multiple global clinical trials, approximately 60% of whom are located in the U.S. and Australia. ABP-745 was also being evaluated in an MRCT across 38 clinical sites in China, the U.S., and Australia as of the Latest Practicable Date.

Leveraging our forward-looking global strategy and robust clinical data, we have developed a differentiated commercialization plan tailored to the unique characteristics of domestic and international markets. In China, we intend to pursue a commercial model of independent marketing and collaborative sales. For ABP-671, we have entered into an exclusive commercialization agreement with CMS, covering Mainland China, Hong Kong, and Macau. CMS will be responsible for the sales of ABP-671 for the treatment of gout and hyperuricemia in these regions, while we are entitled to hundreds of millions of yuan in upfront and milestone payments. This partnership aims to leverage CMS's extensive market channels and commercialization expertise to achieve rapid post-approval product promotion and large-scale clinical adoption of our Core Product.

Outside of China, we are in active discussions with several multinational pharmaceutical companies regarding various forms of strategic cooperation for ABP-671 and ABP-745. These contemplated partnerships are intended to complement our capabilities, accelerate clinical development, share R&D costs, and leverage our partners' established commercial networks to rapidly scale product sales and maximize global commercial value.

Our strong integrated R&D capabilities form the foundation for sustainable innovation and long-term development. Under the leadership of Dr. Shi Dongfang, our founder and CEO, and a core management team with deep domain expertise, global perspective, and extensive industry experience, we have assembled a highly capable R&D and clinical operations team with strong technical expertise and keen industry insight. With the support of our Shareholders, including Kaitai Capital, Livzon Pharmaceutical, Kingray Capital, and HSG, we remain focused on accelerating the clinical development of our pipeline in both domestic and international markets, advancing our commercialization strategy, and delivering safe and effective therapies to patients at the earliest possible time. We aim to become a globally competitive biopharmaceutical company in the fields of metabolism, inflammation, and cardiovascular disease.

OUR STRENGTHS

Global innovator in transforming metabolic, inflammatory and cardiovascular therapies

Competitive pipeline derived from foundational innovation capabilities and technological expertise

As a global pioneer and innovator in the fields of metabolic, inflammatory, and cardiovascular therapies, we leverage strong foundational innovation capabilities and technological expertise to continuously develop a highly competitive pipeline. Since our inception, we have focused on the treatment of metabolic, inflammatory, and cardiovascular diseases for over a decade, accumulating deep insights into disease mechanisms and the metabolic properties of existing drugs. In particular, we have developed unique expertise in compound design and drug safety improvement, positioning ourselves as an industry pioneer delivering breakthrough therapeutic solutions to patients worldwide.

With a steadfast commitment to original innovation, we have established foundational R&D capabilities, including disease understanding, SAR analysis, molecular screening, compound discovery and optimization, and druggability evaluation. Leveraging our drug discovery platform built on structure-metabolism analysis, we are developing ABP-671, a URAT1 inhibitor with best-in-class potential for first-line treatment in China and globally, as well as ABP-745, a potential transformative drug for first-line treatment with a favorable safety profile and continued to expand the breadth and depth of our pipeline's therapeutic indications.

We will also incorporate cutting-edge technologies, such as AI screening, in our research and development process to explore novel drug molecules guided by clinical needs. With a compressive drug discovery approach, we can expand into emerging indications in the metabolic, anti-inflammatory, and cardiovascular fields, fostering the development of a diverse and sustainable preclinical candidate pipeline. By continuously launching innovative and competitive clinical pipelines, we aim to unlock further growth opportunities and realize the full commercial potential of our portfolio.

Market-driven product matrix with significant clinical value and commercial potential

We are committed to developing drugs that address urgent clinical needs and building a product matrix with significant clinical value and market potential. We are deeply aware of the substantial unmet clinical needs in the fields of metabolic, anti-inflammatory, and cardiovascular therapies. Our Core Product, being ABP-671, a potential best-in-class URAT1 inhibitor for first-line treatment in China and globally, targets the specific segment of gout and hyperuricemia.

Hyperuricemia, a precursor to conditions such as gouty arthritis, leads to the formation and accumulation of monosodium urate crystals in joints and other tissues. As an upstream factor in gout, the incidence of hyperuricemia is rising year by year and is increasingly affecting younger populations. According to Frost & Sullivan, the prevalence of hyperuricemia worldwide and in China has shown significant growth. In 2024, the number of patients with

hyperuricemia globally and in China has reached 1,141.8 million and 220.6 million, respectively. The number of patients with hyperuricemia worldwide and in China is expected to reach 1,359.5 million and 285.7 million by 2033, with a CAGR of 2.0% and 2.9% from 2024 to 2033, respectively. Such growth is expected to drive the gout and hyperuricemia drug market size to US$10.7 billion globally and US$2.1 billion in China by 2033.

Gout significantly increases the risk of multiple comorbidities and severely impacts patients' quality of life. It necessitates long-term, and often lifelong, use of urate-lowering therapies ("**ULT**"), with a large patient base requiring treatment. However, existing guideline-recommended medications, such as febuxostat, benzbromarone, lesinurad, and allopurinol, can only moderately reduce sUA levels and are universally associated with potential safety concerns. Safety concerns include febuxostat's increased risk of sudden cardiac death and severe liver injury or liver failure; benzbromarone's significant hepatotoxicity and fatal risks of fulminant hepatitis or acute liver failure; and allopurinol's potential to cause life-threatening severe allergic skin reactions. Potentially serious side effects of the existing gout medications make their long-term use impractical for many patients, highlighting the urgent need for the development of transformative therapies that are both safe and effective for long-term management of these conditions.

ABP-671 squarely addresses these needs. With a unique chemical structure, ABP-671 has eliminated hepatotoxicity risks relative to benzbromarone and derivatives based on its core scaffold. In addition, ABP-671 exhibits strong urate-lowering activities in the ongoing Phase 2b/3 clinical trials in both the U.S. and China for the treatment of gout and hyperuricemia, underscoring its best-in-class potential.

Our key product, ABP-745, a potential transformative drug, focuses on therapies for acute gout flares and atherosclerosis within the anti-inflammatory space. Acute gout flares are a common manifestation during the progression of gout. According to Frost & Sullivan, in 2024, there were over 13 million gout patients in the U.S., with an average of 6.6 acute gout flares per patient annually, translating to approximately 80 million flare cases in the whole year. In China, the number of gout patients increased from 15.2 million in 2019 to 25.3 million in 2024 and is projected to reach 44.0 million by 2033. Globally, the acute gout flare drug market size reached US$1.5 billion in 2024 and is expected to reach US$5.0 billion by 2033, representing a CAGR of 14.3% during the period. Meanwhile, the acute gout flare drug market size in China is projected to reach US$0.8 billion in 2033, representing a CAGR of 27.4% from 2024 to 2033.

During acute gout flares, patients often suffer from severe pain and inflammatory responses. However, the existing first-line treatments recommended by current guidelines come with various serious adverse effects. Colchicine, for instance, has a high incidence of gastrointestinal side effects and hematological toxicity, with an oral dose of just 7-26 mg being potentially fatal. NSAIDs and corticosteroids are associated with severe side effects, such as gastrointestinal discomfort, cardiovascular risks, and osteoporosis. Meanwhile, second-line therapies like IL-1β inhibitors carry significant clinical risks, including increased susceptibility to severe infections, immunosuppression, and allergic reactions. These

limitations leave patients' treatment needs inadequately addressed, underscoring the urgent demand for safer, more effective, and cost-efficient therapeutic solutions to overcome this challenge. Combining an elevated safety profile, rapid onset of action, significant efficacy, convenient oral administration, as well as the potential to avoid DDI, ABP-745 is positioned to outperform existing therapeutic options for gout flares and meet the urgent clinical needs of acute gout flare patients worldwide.

Beyond gout-related indications, preclinical results indicate that ABP-745 may be clinically beneficial for ASCVD, which is a chronic inflammatory vascular disease that reduces vascular elasticity, impedes blood flow, and causes chronic hypoxia in myocardial and brain tissues. ASCVD is the initiating factor for acute complications, such as myocardial infarction, stroke, sudden death, and vegetative states. Studies have shown that severe atherosclerosis can shorten life expectancy by five to ten years, and high-risk populations lacking intervention face a two- to four-fold increase in the risk of cardiovascular and cerebrovascular events compared to control groups. According to Frost & Sullivan, atherosclerosis has become the second leading disease after diabetes globally. In the U.S., 66.2% of adults aged 55-64 showed signs of arterial calcification. In China, aging and metabolic diseases have led to a high prevalence of atherosclerosis, with an incidence rate of 36.3% among individuals over 40 years old and 86.3% among those over 60. However, due to the inability of lipid-lowering agents to fully eliminate inflammatory risk, the limitations of inflammatory targets, the complexity of the inflammatory environment, and the severe side effects of existing anti-inflammatory drugs, current therapies fail to meet the long-term, low-toxicity, broad-spectrum, and precise regulation requirements for the treatment of atherosclerosis. There is thus an urgent need for breakthrough therapies that can significantly reduce drug toxicity while effectively controlling and shrinking plaques, in order to markedly slow the progression of major chronic diseases, such as coronary artery disease ("**CAD**") and ischemic stroke caused by atherosclerosis. ABP-745 modulates multiple inflammatory pathways, which may provide broader therapeutic benefits in inflammation management compared with agents targeting a single pathway.

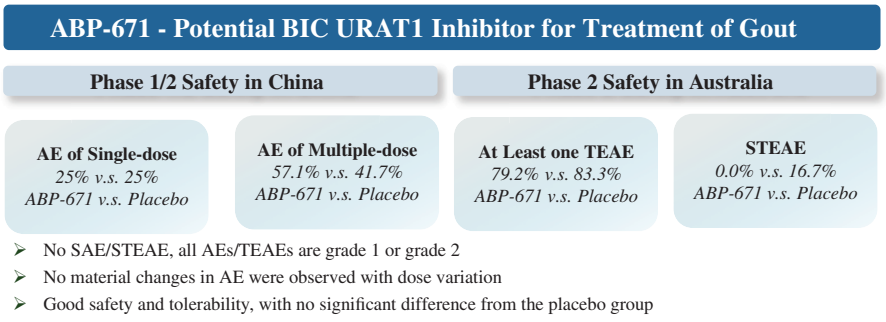
With a long-term focus on the treatment of metabolic, inflammatory, and cardiovascular diseases, we leverage our deep understanding of disease mechanisms and keen industry insights to strategically target markets with significant unmet clinical needs. We have proactively developed a product portfolio that addresses acute gout flare treatment, long-term UA management, and atherosclerosis. Through original innovation, we have built a highly competitive pipeline, including ABP-671, a potential best-in-class drug for first-line treatment, and ABP-745, a breakthrough therapy with superior efficacy and safety. We aim to reshape the treatment landscape in these fields, providing safe, effective, and affordable breakthrough solutions for a vast patient population.

Innovative development of ABP-671 as a potential best-in-class treatment for gout and hyperuricemia

The gout and hyperuricemia markets hold immense potential within the metabolic disorder field, and a large patient base and significant unmet long-term treatment needs underpin these markets. To address this, we strategically prioritized the development of ABP-671, our Core Product for gout and hyperuricemia indications, positioning it as the first product in our in-depth pipeline for metabolic disease treatments. As of the Latest Practicable Date, ABP-671 was undergoing Phase 2b/3 clinical trials in both the U.S. and China. Based on its outstanding safety and efficacy data, ABP-671 has the potential to become a best-in-class URAT1 inhibitor for first-line treatment both globally and in China.

Addressing the key safety shortcomings of existing therapies

ABP-671 directly targets the critical safety limitations of existing gout and hyperuricemia treatments by optimizing the chemical structure to eliminate the production of toxic metabolites. Such innovation effectively avoids the safety risks commonly associated with mainstream therapies, including potential sudden cardiac death, kidney failure toxicity, liver toxicity, severe allergic skin reactions, and gastrointestinal side effects. ABP-671's safety and tolerability have been validated through over 10 clinical trials involving more than 750 participants across China, the U.S., Australia, and other major markets. Data from completed Phase 1/2 trials in China and Phase 2 trials in Australia demonstrated that all AEs were Grade 1 or 2, with no serious adverse events ("**SAEs**") observed. Unlike marketed drugs and investigational therapies, no SAEs related to the liver, kidneys, heart, or gastrointestinal system were reported. ABP-671 demonstrated exceptional safety and strong tolerability, making it a promising new treatment option for patients with gout and hyperuricemia and offer a safer treatment option for special patient populations such as those with liver diseases.



Abbreviations: AE = adverse event; TEAE = treatment emergent adverse event; STEAE = severe treatment emergent adverse event; SAE = serious adverse event; v.s. = versus

Source: Company information

The table below sets forth information about the safety and tolerability of ABP-671 and existing therapies. Information about existing therapies is derived from labels and research papers of the originator drugs.

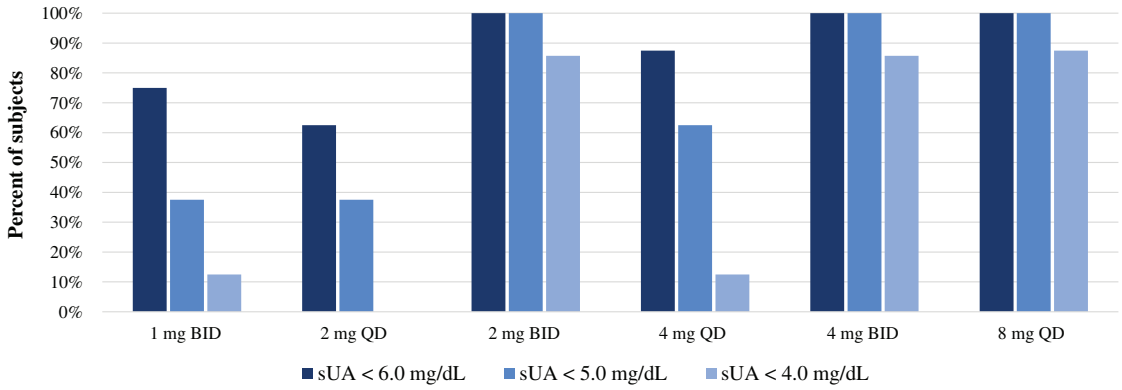
Drug Name	Benzbromarone	Allopurinol	Febuxostat	Lesinurad	Dotinurad	ABP-671
Administration dosage	initiating with 25 mg/day, long-term use of 50-100 mg/day	100-800 mg/day	40-80 mg/day	200 mg/day + allopurinol 300 mg/day	0.5-4 mg/day	**2-8 mg/day**
Safety and tolerability	Severe liver toxicity; withdrawn from the European market and not approved in the U.S.	Fatal allergic rash, SJS, TEN, GI toxicity, leukopenia, thrombocytopenia	Risk of sudden cardiac death, severe liver damage, severe GI discomfort, headaches; acute renal failure was reported 5.7 times more frequently for febuxostat than for other drugs; subject to boxed warning	Severe renal failure toxicity, severe cardiovascular toxicity, headaches, gastroesophageal reflux; withdrawn from the U.S. and EU market; subject to boxed warning	TEAEs including gouty arthritis, liver dysfunction, elevated ALT, kidney stones, increased α1-microglobulin levels; more than 20% of patients experienced elevations in treatment-emergent liver injury in clinical trials conducted in China	**Favorable safety and tolerability profile, with no Grade 3 or higher AE; similar to placebo**

Abbreviations: SAE = serious adverse event; TEAE = treatment emergent adverse event; SJS = Stevens-Johnson syndrome; TEN = toxic epidermal necrolysis; GI = gastrointestinal; ALT = alanine aminotransferase; AE = adverse event

Source: Company information, F&S analysis

Superior UA reduction with best-in-class potential

ABP-671 has demonstrated strong urate-lowering efficacy in clinical trials, potentially surpassing both approved drugs and investigational therapies based on publicly available information. As a novel, highly selective, and potent URAT1 inhibitor, ABP-671 has shown encouraging efficacy across U.S. Phase 1, China Phase 1/2a, and Australia Phase 2 clinical trials. Based on our clinical results and publicly available information, a daily dose of 2-4 mg of ABP-671 may achieve an efficacy level comparable to 80 mg of benzbromarone, or 200 times that of lesinurad. In addition, as shown in the figure below, after administration of ABP-671 2 mg BID, the target attainment rates of sUA in gout patients at 6 mg/ dL, 5 mg/dL, and 4 mg/dL were 100%, 100%, and 86%, respectively. Following ABP-671 4 mg QD, the corresponding attainment rates were 88%, 63%, and 13%.

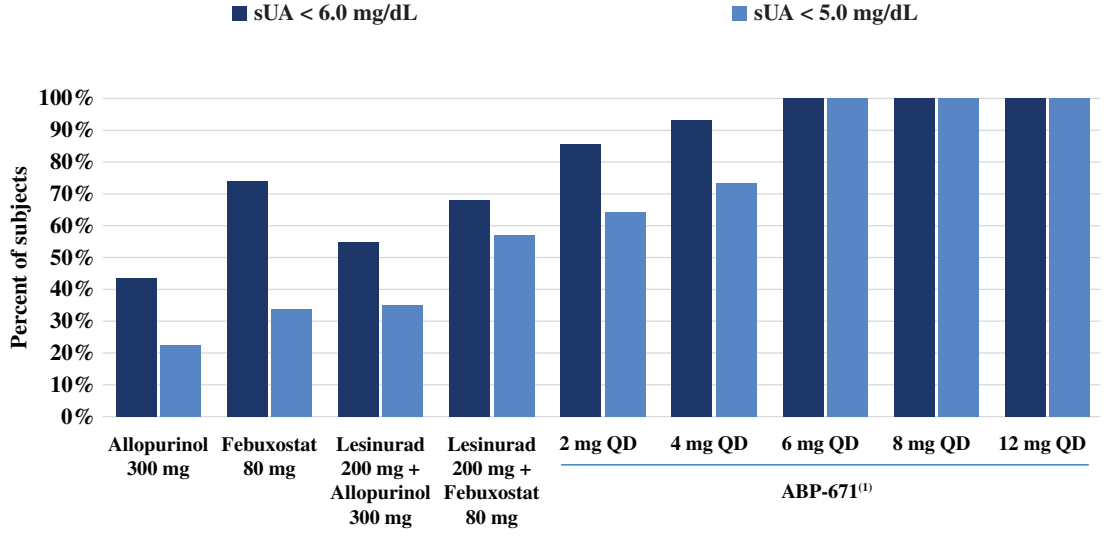


Source: Company information

Note:

(1) The table shows post-24-hour target attainment rate after the last dosing in Phase 2a clinical trial in Australia.

By comparison, it has been reported that febuxostat 40 mg QD reduced sUA to the clinical target level in only 45% of patients. Through reducing the sUA level in patients to 5 mg/dL efficiently and continuously, ABP-671 significantly reduced the size and number of tophi, with most patients maintaining high efficacy rates six months post-treatment, outperforming both allopurinol and placebo groups. These characteristics position ABP-671 as a transformative treatment option for gout and hyperuricemia, with the potential to redefine the treatment landscape.



Source: Company information, F&S analysis

Note:

(1) The above ABP-671 group represents the integrated pharmacodynamic results from the Phase 2a clinical trials conducted in Australia and China.

Innovative development of ABP-745 as a potential breakthrough therapy for acute gout flares

We have further advanced the development of ABP-745 as a potential first-in-class transformative drug for the treatment of acute gout flares as a first-line therapy, which highlights our strong capabilities in the field of anti-inflammatory therapies. The market for acute gout flare treatment is vast due to the large patient population, frequent recurrence of the condition, and the rigid demand for treatment, including prevention for chronic sufferers. However, existing drugs fail to provide safe, effective, and economical long-term solutions. For example, colchicine has an 80% incidence of gastrointestinal adverse reactions and hematological toxicity, with an oral dose of 7-26 mg being potentially fatal. NSAIDs and corticosteroids are associated with serious adverse effects, including gastrointestinal discomfort, cardiovascular risks, and osteoporosis. IL-1β inhibitors also present significant clinical side effects, such as an increased risk of severe infections, immunosuppression, and allergic reactions. To address this unmet need, we strategically developed ABP-745 as our flagship product for the inflammation treatment space. Compared to current market drugs, ABP-745 offers significant potential advantages in terms of safety, efficacy, and patient adherence.

We have creatively optimized the toxic structural modules of colchicine compounds, enabling ABP-745 to demonstrate outstanding rapid onset, superior safety and tolerability in preclinical studies and U.S. Phase 1 clinical trials. The optimized design of ABP-745 has improved safety by 25 to 30 times compared to colchicine, while maintaining high metabolic stability and avoiding inhibition of key CYP enzymes, thus potentially eliminating the potential risk of DDI. Below is a summary of the key advantages of ABP-745.

- *Rapid onset.* ABP-745 demonstrated rapid pharmacokinetic characteristics in both animal studies and Phase 1 human trials. Quantifiable plasma concentrations were detected within ten minutes of administration, with peak concentrations reached between 1.5 and two hours, enabling the rapid relief of acute gout flare symptoms. In Part 1 of the Phase 1 clinical trial, which is a single ascending dose ("**SAD**") study, oral administration of ABP-745 showed rapid absorption. Quantifiable plasma concentrations were detected within ten minutes across all dose levels. In Part 2 of the trial, which is a multiple ascending dose ("**MAD**") study, multiple-dose evaluations included QD and BID regimens. Both dosing frequencies reached steady-state concentrations by the second day. Accumulation analysis showed minimal or no drug accumulation, with an accumulation ratio close to 1. In Part 3 of the trial, which is a food effect study, co-administration of 4 mg ABP-745 with food had no clinically significant effect on systemic exposure.

- *Superior safety and tolerability.* In preclinical studies, the maximum tolerated dose ("**MTD**") of ABP-745 in mice and rats was 600 mg/kg, while the MTD of colchicine in mice was less than 50 mg/kg. According to the literature, the lethal dose 50% of colchicine for intravenous administration in rats was 1.7 mg/kg. ABP-745

demonstrated acceptable safety and good tolerability across all parts of the Phase 1 clinical trial in healthy volunteers. Most treatment-emergent adverse events ("**TEAEs**") were mild, with very few Grade 2 events observed and no reports of Grade 3 or higher TEAEs.

- *Low risk of DDI with flexible and combination dosing potential.* Colchicine, as a strong CYP3A4 substrate, has DDI issues. For example, caution is required when used in combination with statins, as it may increase the risk of rhabdomyolysis or enhance colchicine-related toxicity. ABP-745 is not a substrate of any major CYP enzymes. This CYP-independent metabolic property means that, unlike colchicine, it does not lead to DDI when co-administered with strong CYP enzyme inhibitors. In addition, although ABP-745 is a substrate of P-glycoprotein ("**P-gp**"), it does not inhibit P-gp function and has no impact on most renal and hepatic transport proteins. Within the tested concentration range of 0.3 to 100 μM, ABP-745 did not show inhibitory effects on CYP1A2, CYP2B6, CYP2C19, CYP2D6, or CYP3A, and demonstrated IC_{50} values greater than 100 μM for CYP2C8 and CYP2C9. U.S. Phase 1 clinical studies also demonstrated no clinically significant food effect when ABP-745 was taken with meals. SAD studies of ABP-745 showed that within the 0.5-5 mg range, dose exposure increases were slightly less than dose-proportional, while MAD studies demonstrated nearly dose-proportional exposure with nearly no drug accumulation (RC_{max} and RAUC $\approx$ 1), supporting both QD and BID dosing regimens. These characteristics allow patients to take ABP-745 at any time, offering significant clinical advantages for acute gout flare patients who require multi-drug regimens, such as those with cardiovascular disease, hyperlipidemia, hypertension, or CKD.

With its rapid onset, strong efficacy, and convenient oral administration, ABP-745 provides a safe and effective treatment option while avoiding the toxic side effects of existing first-line therapies. By doing so, ABP-745 addresses the urgent clinical needs of acute gout flare patients worldwide. Compared to other treatment options such as NSAIDs, glucocorticoids, and IL-1β inhibitors, ABP-745 demonstrates clear advantages in safety, efficacy, and patient adherence. The product candidate thus has the potential to resolve the long-standing lack of effective and safe drugs in the acute gout flare field, positioning it as a next-generation breakthrough drug for first-line treatment.

Currently, ABP-745 is undergoing a global Phase 2 MRCT in the U.S., Australia, and China, which is expected to be completed in the second quarter of 2026. In the U.S., we enrolled the first patient in September 2025. In China, we submitted an IND application to the NMPA in April 2025 and received IND approval in July 2025, officially joining the Phase 2 MRCT.

Source innovation-driven R&D pathways to continuously expand indications and develop high-quality drug candidates

Leveraging our strong foundation in innovation, including R&D capabilities, advanced technology platforms, and technical advantages, as well as our deep expertise in metabolism, anti-inflammation, and cardiovascular fields, we continuously expand indications for our existing pipeline and develop new products.

ABP-745 expanded indication: atherosclerosis

Atherosclerosis, a chronic inflammatory vascular disease, is the second most prevalent global disease after diabetes. Its progression reduces vascular elasticity and blood perfusion, leading to chronic hypoxia in the myocardium and brain tissue, and in severe cases, rupture of certain blood vessels. Atherosclerosis serves as the initiating factor for acute complications, such as myocardial infarction, stroke, sudden death, and vegetative states. Studies indicate that severe atherosclerosis shortens life expectancy by five to ten years, with high-risk individuals facing cardiovascular and cerebrovascular event risks two to four times higher than the general population. The global market for ASCVD treatments is projected to reach US$38.8 billion by 2025, according to Frost & Sullivan, highlighting the urgent need for breakthrough therapies that significantly reduce drug toxicity while effectively controlling and reducing plaque formation.

Our key product, ABP-745, has demonstrated remarkable efficacy in the treatment of atherosclerosis-related indications due to its critical role in suppressing inflammatory factors, such as IL-1β, IL-6, IL-18, and TNF-α, and its superior safety profile with no DDI. Preclinical animal studies showed that ABP-745 reduced aortic plaque area by 56.1%. Furthermore, it demonstrated a synergistic effect when combined with statins for cardiovascular disease treatment. ABP-745 has the potential to provide clinical benefits by reducing vascular plaque burden, lowering the risk of CAD, stroke, heart failure, and mortality, while extending patient life expectancy. All these benefits position the drug candidate for significant market potential in the prevention and treatment of atherosclerotic plaques. We are actively planning simultaneous IND or other similar submissions for atherosclerosis in the U.S., China, and Australia by the fourth quarter of 2025, and expect to directly enter into a Phase 2 MRCT aiming to unlock the full potential of ABP-745 in the treatment cardiovascular diseases.

ABP-671 expanded indication: CKD associated with hyperuricemia

In 2024, CKD associated with hyperuricemia affected 422.4 million people worldwide, including 50.5 million patients in China, according to Frost & Sullivan. Reports indicate that 25% to 60% of CKD patients also suffer from symptomatic or asymptomatic hyperuricemia, a critical risk factor for CKD progression. Multiple clinical studies have demonstrated that ULT in CKD patients with hyperuricemia can effectively slow kidney disease progression. Our Core Product, ABP-671, has shown promising potential in the CKD field and is expected to enter into Phase 2 clinical trials in the first quarter of 2026.

In a rat model of hyperuricemia, ABP-671 significantly reduced sUA and blood urea nitrogen levels, while the high dose group also demonstrated a significant reduction in serum creatinine levels. In a rat model of hyperuricemia with CKD, ABP-671 not only demonstrated UA lowering efficacy but also effectively reduced renal interstitial fibrosis and renal urate crystal deposition, while showing potential to alleviate tubular necrosis and inflammatory cell infiltration.

In addition to the aforementioned pipeline, we leverage our drug discovery platforms built on structure-metabolism analysis to continuously advance the development of other preclinical pipelines, such as AT6616, ABP-6016, and ABP-6118. In doing so, we further enrich the scope of therapeutic indications and diversifies the product portfolio.

AT6616: atrial fibrillation

AFib is the most common cardiac arrhythmia, causing symptoms such as palpitations and chest discomfort, while also leading to complications like stroke and sudden death. According to Frost & Sullivan, AFib affected over 60 million global populations in 2024. Despite the widespread use of radio-frequency ablation and antiarrhythmic drugs, the treatment and prevention of AFib remain suboptimal due to the safety and efficacy limitations of existing therapies. Notably, no new AFib treatments have been approved in the past 16 years, underscoring the urgent market need for novel and effective medications.

Our potential best-in-class product, AT6616, works by inhibiting multiple ion channels and is a promising candidate for the treatment and prevention of AFib. Early preclinical studies have shown that AT6616 significantly reduces the duration of AFib in rat models, outperforming both amiodarone and dronedarone. In addition, AT6616 exhibits favorable safety, with superior liver and lung safety profiles compared to amiodarone. We are fully committed to advancing the IND process for AT6616 to address the urgent unmet needs of AFib treatment.

ABP-6118: CKD associated with hyperuricemia

We have explored various approaches and strategies to address the limitations of existing drugs in the field of gout and hyperuricemia. ABP-6118 is an inhibitor targeting xanthine oxidase ("**XO**"), designed to offer improved cardiovascular safety compared to existing XO inhibitors. In the future, it will be used in combination with ABP-671 for the treatment of patients with CKD associated with hyperuricemia.

Robust global patent protection and clear, predictable commercialization strategies safeguard the commercial value of our pipeline

Global patent portfolio

We are committed to innovation from the ground up, with all pipeline products, including Core Product, developed in-house. We have established a comprehensive global patent portfolio for ABP-671 and ABP-745, covering core compounds, synthetic processes, crystal forms, and indications in major markets, such as China, the U.S., Europe, and Japan. As of the Latest Practicable Date, we had 168 granted patents, including 20 granted patents in China, eight granted patents in the U.S., and 140 granted patents in other countries or regions, and we had 85 patent applications. With respect to the Core Product ABP-671, we had 123 granted patents and 33 patent applications as of the same date. Our comprehensive core and peripheral patent layout creates a robust intellectual property barrier, ensuring a market exclusivity period of over 10 years after product approval and launch.

Commercialization strategies

Leveraging a forward-thinking global presence and outstanding clinical data, we have developed a clear commercialization strategy tailored to the unique characteristics of domestic and international markets.

In domestic market, we plan to primarily adopt a combination of independent launches and co-promotion models. For our Core Product ABP-671, we have already entered into an exclusive commercialization partnership with CMS for the treatment of gout and hyperuricemia, covering Mainland China, Hong Kong, and Macau. Under this partnership, we are entitled to upfront and milestone payments of over RMB100 million in aggregate. Through this collaboration arrangement, we can leverage our partner's extensive market channels and commercialization expertise to achieve rapid post-launch product promotion and widespread clinical adoption.

For overseas markets, we prioritize a "self-driven early-stage development + late-stage co-development with international pharmaceutical companies" model to balance innovation with industry characteristics and resource efficiency. Currently, we are in discussions with several multinational corporations regarding various collaboration models for the overseas rights to ABP-671 and ABP-745. By complementing each other's strengths, these potential collaborations aim to accelerate clinical development, share research and development costs, and utilize partners' established sales networks to quickly boost post-launch sales. Through this approach, we aim to maximize the global commercial value of our products while sharing the benefits with our partners.

World-class R&D talent, forward-looking leadership, and long-term investor support drive innovation and global expansion

Management and R&D team

We are supported by a highly experienced and globally focused leadership and R&D team. Our founder, Dr. Shi Dongfang, has a strong academic background and extensive expertise in the healthcare industry, with over 30 years of experience in innovative drug development and 13 years in the U.S. pharmaceutical industry.

The global senior R&D team members bring over 20 years of experience in innovative drug development and clinical research, many from top-tier international pharmaceutical companies. Their exceptional execution capabilities and successful project histories span across areas such as disease mechanism research, target identification and validation, compound screening and structural optimization, bioactivity screening and evaluation, clinical trial registration, and global business development. Together, they provide clear guidance for our strategic development.

Expert scientific advisory team

We benefit from the strong support of a scientific advisory board composed of world-class scientists specializing in gout treatment. Such team of leading global experts provides robust backing for core technology innovation and the development of our product pipeline. For details, please see "Business — Research and Development — Scientific Advisory Board."

Support from prominent investors

By virtue of the global commercial value of our platform and pipeline, we have received over RMB1 billion in funding since our angel round from highly respected investment institutions and industry investors, including Kaitai Capital, Livzon Pharmaceutical, Kingray Capital, HSG, Heda Fund, Youchoose Capital, and GTJA Investment, among others. We have built a long-term, value-creation relationship with our investors, who not only provide financial support but also bring valuable resources to accelerate our growth. The synergy between talent and capital forms the foundation for our sustained innovation and development, laying a solid groundwork for delivering long-term returns to our Shareholders. For details, see "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes of Our Company."

OUR STRATEGIES

Our strategic focus is to drive innovation and global impact in the development and commercialization of innovative therapies for metabolic disorders, inflammation, and cardiovascular diseases. By leveraging our proprietary innovation, we aim to develop breakthrough therapies that address significant unmet clinical needs in high-impact disease segment, avoid homogeneous competition, and establish ourselves as a global leader in these therapeutic areas. To achieve these goals, we have outlined the following key strategies:

Accelerate global commercialization of our Core Product ABP-671

We are prioritizing the clinical development and global commercialization of our Core Product, ABP-671, an innovative therapy for gout and hyperuricemia, which is designed to deliver breakthrough clinical benefits for patients suffering from these diseases.

- ***Dual regulatory filings:*** Leveraging a simultaneous submission approach to both the FDA in the U.S. and the NMPA in China, we aim to achieve fast-track approvals for ABP-671 in key global markets, strengthening its position as a potentially best-in-class therapy and establishing it as a globally competitive, China-origin innovative drug.

- ***Global market penetration:*** Our commercialization strategy targets major global markets, including China, the U.S., and Europe. By building a robust commercial infrastructure and working with regional and global partners, we aim to achieve broad accessibility and adoption of ABP-671.

- ***Indication expansion:*** Beyond gout and hyperuricemia, we are conducting clinical trials to explore additional indications for ABP-671, including CKD associated with hyperuricemia, a condition with significant unmet medical needs. Through the indication expansion strategy, we intend to enhance the product's therapeutic value while unlocking additional revenue streams.

By accelerating the approval and launch of ABP-671 globally, we aim to establish it as a transformative therapy in the treatment of gout and related metabolic disorders.

Accelerate the clinical development and market launch of our key product ABP-745

We are committed to accelerating the clinical advancement of ABP-745 in the treatment of acute gout flares and atherosclerosis, with the goal of achieving regulatory approvals and bringing the product to market at the earliest possible time. By leveraging our robust R&D capabilities, strong global patent portfolio, and promising clinical data, we are focused on addressing significant unmet medical needs in these areas.

With rigorous clinical execution, strategic partnerships, and well-defined commercialization plans, we aim to ensure the successful launch of ABP-745. We believe this will not only deliver meaningful clinical benefits to patients, but also drive the continued growth and global impact of our innovative pipeline.

Expand indication of our products and preclinical programs

We aim to continuously expand indications and develop potential preclinical products in metabolism, anti-inflammation, and cardiovascular areas, leveraging our core technology platforms and advanced tools such as systematic metabolic characterization research, SAR studies in medicinal chemistry, and AI-assisted drug design. Guided by clinical needs, we will integrate indication selection with tailored clinical development strategies to identify and advance emerging drug candidates. Through this approach, we plan to broaden our product portfolio in the metabolism and anti-inflammation categories and deliver a pipeline of highly competitive therapies.

By driving innovation and expanding our product matrix, we seek to unlock significant growth opportunities and maximize the commercial value of our advanced R&D platforms. This strategy helps ensure our sustained leadership in addressing critical unmet medical needs while paving the way for long-term business success.

Advance implementation of commercialization strategies and foster business development partnerships

We are proactively developing a scalable and efficient commercialization model to support our pipeline products' global market entry, designed to maximize product value while minimizing risks through strategic partnerships and internal capabilities.

- ***Commercial management team:*** We are assembling a dedicated commercial management team with expertise in product launches, market access, and lifecycle management. Early preparation ensures seamless market entry and rapid adoption post-approval.

- ***Strategic collaborations:*** By leveraging our business development capabilities, we seek to establish long-term collaborations with leading global pharmaceutical companies and strategic investors. These partnerships will enable us to share regulatory, marketing, and distribution costs while benefiting from their expertise and established networks.

- ***Global launch efficiency:*** We plan to adopt a hybrid commercialization model combining in-house capabilities and external partnerships. Through such approach, we balance control over key markets with the scalability needed to penetrate broader global markets efficiently.

By way of the commercialization model outlined above, we aim to accelerate the commercialization of our product candidates, reduce time to market, and optimize global revenue.

Attract, retain and strengthen the foundation of high-caliber talent

We believe that talent is the foundation of innovation. We are continuously investing in the recruitment, development, and retention of top-tier scientific, clinical, and operational talent. Our R&D team includes globally experienced drug developers with proven track records in advancing assets from discovery through approval.

We have implemented structured training programs, performance-based incentives, and long-term equity plans to foster a culture of excellence and commitment. In addition, we are expanding our teams across early discovery, clinical development, regulatory affairs, and business operations to support pipeline growth and international expansion.

By maintaining a stable, high-performing core team and expanding our talent pool strategically, we aim to enhance organizational agility, support execution excellence, and ensure that we remain competitive in a rapidly evolving global biopharmaceutical landscape.

OUR PRODUCT PIPELINE

As of the Latest Practicable Date, we had established a diverse and innovative pipeline featuring two clinical-stage pipeline products and multiple preclinical-stage drug candidates. Our most advanced pipeline products are positioned in the space for chronic disorder treatment, targeting gout and hyperuricemia and other relevant diseases. Founded on our deep understanding of gout, including its pathology and the shortcomings of current therapies, our pipeline products are clinically differentiated and extend their reach to multiple, high potential indications.

In particular, our Core Product ABP-671, a novel, potent and highly selective URAT1 inhibitor, is approaching the completion of a Phase 2b/3 clinical trial in the U.S. for the treatment of gout. It is also being concurrently developed in China for the same indication. Moreover, we intend to conduct clinical trials to assess ABP-671 for the treatment of CKD associated with hyperuricemia, refractory gout, or tophaceous gout in China, the U.S. and Australia. In addition, ABP-745, a colchicine analogue with improved safety profile, has been advanced to a Phase 2 MRCT in the U.S., China and Australia for acute gout flares. ABP-745 also demonstrated therapeutic activities against atherosclerosis and certain other indications in preclinical studies, further underscoring its clinical and commercial potential.

We believe that our diverse pipeline products reflect our commitment to innovation and addressing urgent unmet clinical needs for safer and more efficacious treatment options. The following chart summarizes the development status of our pipeline product candidates as of the Latest Practicable Date.

Asset	Target/ Mechanism	Mono/ Combo	Indication	Preclinical	IND	PhI	PhII	PhIII	NDA	Upcoming Milestone	Commercial Rights	Partnership
★ **ABP-671**	URAT1 Inhibitor	Mono	Gout and Hyperuricemia							2025Q4 CSR for the Part 1 of the Ph 2b/3 trial 2026Q1 Start Ph3 2026Q4 Lock database for Ph3	Global	CMS 康哲药业 (1)
		Combo(2)	CKD associated with Hyperuricemia				(3)			2026Q1 Start Ph2, if approved	Global	
		Mono or Add-on(4)	Refractory Gout and/or Tophaceous Gout					(3)		2026Q2 Start Ph3, if approved	Global	
ABP-745	Colchicine Analogue	Mono	Acute Gout Flares							2026Q2 Complete Ph2	Global	
		Add-on(4)	Atherosclerosis				(5)			2025Q4 Submit IND for Ph2	Global	
		Mono	Rare Diseases				(5)			2026Q3 Submit IND for Ph2	Global	
AT6616	Undisclosed	Mono	AFib							/	Global	
ABP-6016	Undisclosed	Mono	MASH							/	Global	
ABP-6118	XO inhibitor	Combo(2)	CKD associated with Hyperuricemia							/	Global	

★ Core Product Global China Preclinical Directly enter Phase 2 or later clinical trials after IND Approval

Abbreviations: CKD: chronic kidney disease; URAT1: urate transporter 1; MASH: metabolic dysfunction-associated steatohepatitis; AFib: atrial fibrillation; XO: xanthine oxidase

Notes:

(1) We have entered into an agreement with CMS through its subsidiary, pursuant to which we collaborate with CMS for the exclusive commercialization of ABP-671 in Mainland China, Hong Kong and Macau for the treatment of gout and hyperuricemia. For additional information, see "— Commercialization — Commercialization Arrangement with CMS on ABP-671."

(2) We intend to explore ABP-671 and ABP-6118 for the treatment of CKD associated with hyperuricemia. For ABP-671, we plan to investigate its combination with an XO inhibitor. For ABP-6118, we intend to explore the potential of combining it with ABP-671 to leverage their complementary mechanism of actions in treating CKD patients with hyperuricemia.

(3) We intend to leverage the existing clinical trial results of ABP-671 and communicate with the relevant health authorities on the possibility of direct entry into Phase 2 or Phase 3 clinical trials for these indications. As of the Latest Practicable Date, we had not had such regulatory communications.

(4) "Add-on" therapy refers to a drug that is added to a patient's existing standard treatment to achieve additional benefits. This new therapy augments an established therapy without replacing it. Different from combination therapies which typically refer to using two or more drugs together, an add-on therapy is layered on top of an initial therapy.

(5) We intend to leverage the Phase 1 clinical trial results of ABP-745 and initiate Phase 2 clinical trials of ABP-745 for the treatment of atherosclerosis or certain rare diseases. As of the Latest Practicable Date, we had not had any regulatory communications with respect to such plan.

Core Product ABP-671: An Oral Small Molecule Inhibitor of URAT1

Overview

Our Core Product ABP-671 is a novel, potent and selective URAT1 inhibitor. URAT1 is a transporter protein that plays a pivotal role in urate homeostasis by mediating the reabsorption of UA in the renal proximal tubules, making it a key therapeutic target in the treatment of hyperuricemia and gout. Therefore, inhibiting URAT1 promotes urate excretion and lowers serum urate levels. In patients with persistent hyperuricemia and gout, chronically elevated serum urate levels facilitate the formation of urate crystals and tophi, trigger acute gout flares, and increase the incidence of multiple comorbidities, such as cardiovascular disease, nephrolithiasis, CKD and osteoarthrosis.

ABP-671 is designed to effectively reduce serum urate levels, often to below 6 mg/dL, and in many gout patients, even below 5 mg/dL. It thereby facilitates tophus dissolution, reduces urate crystal burden, lowers the frequency of acute flares, and decreases the risk of hyperuricemia-associated complications, all while maintaining a favorable safety and tolerability profile. In comparison, currently available treatments can lower serum urate to under 6 mg/dL, but only a small proportion of patients maintain levels below 5 mg/dL long-term, and these therapies often carry safety risks that limit their sustained use. The unique molecular structure of ABP-671 makes it less susceptible to in vivo drug metabolism. This design avoids the formation of harmful metabolites during metabolic clearance that could compromise the overall safety, potentially making ABP-671 both safer and more effective than current ULT. Indeed, results from multiple clinical trials have demonstrated the potential best-in-class safety and efficacy profiles of ABP-671 as a first-line treatment. Available public information suggests that a single 2 mg to 4 mg dose of ABP-671 is potentially comparable or superior in clinical activity to benzbromarone or febuxostat, two mainstream therapeutics for gout, at dose levels of several dozen-fold, while exhibiting an encouraging safety profile for long-term administration. Beyond chronic gout, ABP-671 has exhibited promising early results in multiple indications such as CKD associated with hyperuricemia, refractory gout, or tophaceous gout.

We are currently conducting the data analysis of Part 1 (Phase 2b) of ABP-671's Phase 2b/3 trial for gout in the U.S., and we anticipate completing the Clinical Study Report for Part 1 in the fourth quarter of 2025. In addition, ABP-671's Phase 2b/3 trial in China for gout is ongoing and we expect to request a pre-NDA communication with the NMPA by the end of 2026.

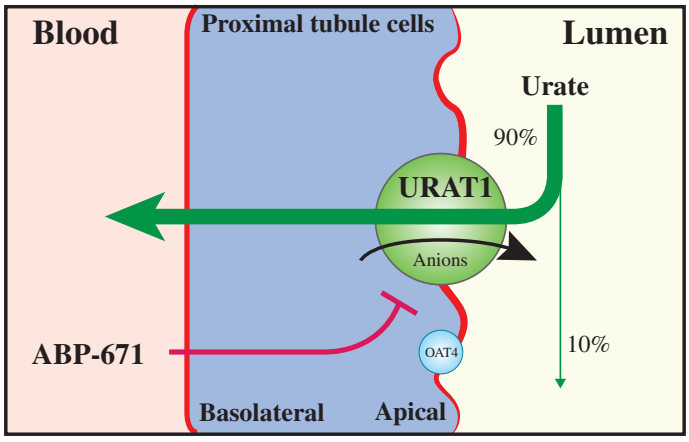
In anticipation of the upcoming commercialization of ABP-671 in China, we entered into a commercialization collaboration arrangement with CMS in December 2024. With such commercialization arrangement, we expect to benefit from CMS' established commercialization infrastructure and decades of market experience and know-how. We retain all other rights of ABP-671 and will be the market authorization holder once ABP-671 is approved for marketing. For more details, please see "— Commercialization — Commercialization Arrangement with CMS on ABP-671."

Mechanism of Action

Persistent hyperuricemia is the primary risk factor for gout. Its causes include excessive urate production or impaired excretion, or both. According to Frost & Sullivan, approximately 90% of gout is attributable to insufficient UA excretion. Treatment strategies therefore focus on both reducing UA synthesis and enhancing its elimination. Although xanthine oxidase inhibitors (e.g., allopurinol, febuxostat) can reduce UA production, they do not address impaired excretion and are associated with safety concerns such as cardiovascular risk. Studies indicate that renal underexcretion is the main mechanism behind hyperuricemia. Consequently, therapies that promote UA excretion emerge as a key therapeutic pathway for hyperuricemia and gout. In the kidneys, URAT1 is a urate-anion exchanger and a member of the organic anion transporter family that is mainly expressed in the luminal membrane of the renal proximal tubules. URAT1 mediates the reabsorption of urate in the renal proximal tubules, increasing endogenous serum urate levels. Because of this central role in urate homeostasis, URAT1 has become a key therapeutic target for treating hyperuricemia and gout.

ABP-671 is a novel small molecule URAT1 inhibitor that specifically blocks this urate reabsorption process in the renal proximal tubules. By inhibiting URAT1 function, ABP-671 reduces the reabsorption of urate and promotes its excretion through urine. This mechanism effectively reduces serum urate levels, thereby addressing the underlying pathophysiology of hyperuricemia and providing therapeutic benefit for patients with gout.

The following diagram demonstrates mechanism of action of ABP-671.



Source: Company information

Market Opportunity and Competition

Hyperuricemia is characterized by an elevated sUA level, typically exceeding 6 mg/dL in women and 7 mg/dL in men. This condition arises from increased UA production, reduced excretion, or a combination of both. Prolonged hyperuricemia can lead to gout, which is the most common form of inflammatory arthritis and often associated with severe pain, swelling, and recurrent flare-ups. Refractory gout, a more severe and challenging form of the disease, is defined by two key characteristics: persistent clinical symptoms and the inability to lower sUA levels below the therapeutic target of 6 mg/dL, despite the use of ULT. Hyperuricemia and gout are chronic, systemic conditions that affect multiple organs and are independent risk factors for CKD, hypertension, cardiovascular disease, and diabetes. According to Frost & Sullivan, approximately 1,141.8 million people were affected by hyperuricemia globally in 2024, which is expected to reach 1,359.5 million in 2033, and approximately 66.2 million people were affected by gout globally in 2024, which is expected to reach 91.6 million in 2033.

The treatment of hyperuricemia and gout primarily relies on three types of medications: XO inhibitors, URAT1 inhibitors, and urate oxidase. XO inhibitors, including allopurinol and febuxostat, work by reducing UA production. URAT1 inhibitors, such as probenecid and benzbromarone, function by promoting the excretion of UA through the kidneys, offering an alternative mechanism for managing hyperuricemia. Urate oxidase, represented by pegloticase, lowers UA levels by converting it into allantoin, a more soluble and easily excreted compound.

However, existing therapeutic options have significant limitations that create unmet medical needs. XO inhibitors are associated with side effects such as liver and kidney function abnormalities and cardiovascular risks. Safety concerns including renal impairment and various other forms of adverse drug reactions are noted in existing URAT1 inhibitors. Urate oxidase therapies face challenges including high immunogenicity leading to neutralizing antibody formation and limited administration routes requiring intravenous infusion. Consequently, urate oxidase agents are primarily reserved for acute hyperuricemia management in specific clinical settings rather than long-term chronic disease management.

As of the Latest Practicable Date, there were four originator drugs (i.e., dotinurad, topiroxostat, febuxostat, and allopurinol) and over one hundred generic drugs approved worldwide for the treatment of hyperuricemia and gout. As of the Latest Practicable Date, four URAT1 inhibitors had been commercially available worldwide, representing different generations of development. In addition to the currently marketed drugs, the global competitive landscape for hyperuricemia and gout treatment is increasingly focused on the development of URAT1 inhibitors. As of the Latest Practicable Date, there were 20 drug candidates in development for the treatment of hyperuricemia and gout. Among these candidates with active clinical trials in China and globally, ABP-671 stands out as one of the fastest-progressing candidates both globally and in China.

For more details regarding the market size and competitive landscape of drugs for hyperuricemia and gout, see "Industry Overview — Overview of Hyperuricemia and Gout Drug Market."

Advantages of ABP-671

We believe that ABP-671 has the following advantages:

Favorable safety profile differentiating ABP-671 from mainstream urate-lowering therapies

ABP-671 represents a differentiated URAT1 inhibitor with a superior safety profile designed to address the safety limitations that have constrained existing gout and hyperuricemia therapies. Current standard-of-care treatments, including xanthine oxidase inhibitors (e.g. allopurinol and febuxostat) and uricosuric agents (e.g. benzbromarone and lesinurad), are associated with safety risks such as gastrointestinal upset, severe allergic rash, severe renal and hepatic toxicity, and even sudden cardiac death.

ABP-671, a next-generation URAT1 inhibitor, has been designed through structural optimization to overcome these safety limitations. In preclinical studies, lesinurad exhibited dose-limiting hepatic, renal, and gastrointestinal toxicities, whereas ABP-671 showed no pathological abnormalities with a NOAEL equaling 200 mg/kg/day. Clinical data support this differentiated safety profile. In Phase 1 and Phase 2a studies, ABP-671 demonstrated predominantly Grade 1 AEs with no SAEs across doses of 0.1-50 mg in healthy subjects. Gout and hyperuricemia patients also demonstrated good tolerability with no apparent dose-related increase in AEs. Interim data from ABP-671's Phase 2b/3 trial in China further confirm ABP-671's favorable safety through 16 weeks in gout patients, showing no drug-related SAEs and no dose-dependent safety signals compared to febuxostat and placebo. These findings suggest ABP-671 may enable broader clinical application through its improved safety profile.

Demonstrated therapeutic effect against gout and hyperuricemia

ABP-671 delivers exceptional urate-lowering efficacy through superior molecular potency, achieving potential best-in-class clinical outcomes at significantly lower doses than existing therapies. ABP-671 demonstrates remarkable *in vitro* URAT1 inhibition — 3.5-fold more potent than benzbromarone and over 600-fold more potent than lesinurad. This advantage translates into outstanding clinical performance: Phase 2a studies achieved over 85% target sUA attainment (lower than 6 mg/dL) even at the lowest doses, with maximum sUA reduction of 82% from baseline in all the groups and 100% target achievement (sUA < 6 mg/dL) at higher doses across Chinese and Australian populations. As an illustration, at a dosage of 2 mg BID, the proportions of subjects achieving sUA levels of <6 mg/dL, <5 mg/dL, and <4 mg/dL were 100%, 100%, and 86%, respectively. The efficacy of ABP-671 administered once daily at 2–4 mg was comparable to or even exceeding, and markedly superior in terms of dose convenience to, febuxostat 80 mg, benzbromarone 80 mg, and lesinurad 600 mg, and is expected to significantly improve patient compliance and safety.

Potential for treating CKD associated with hyperuricemia, refractory gout, or tophaceous gout

ABP-671 demonstrates significant therapeutic potential for CKD associated with hyperuricemia, a critical unmet medical need where treatment options are limited. The dedicated CKD study (ABP-671-108) confirms ABP-671's promising safety profile in patients across kidney function stages. Single oral dose of 2.0 mg showed favorable tolerability in patients with normal kidney function (N=10), mild CKD (N=6), and moderate CKD (N=6), with no SAEs, over Grade 3 drug-related events, or treatment discontinuations across any group. This safety profile, combined with the fact that ABP-671's potency requires significantly lower doses than existing therapies, positions it as a promising safer and effective option for CKD patients with hyperuricemia, a population where many current ULT have contraindications or require complex dose adjustments. ABP-671 may offer an effective treatment solution for patients with refractory gout or tophaceous gout who have failed conventional therapies due to kidney dysfunction.

Summary of Clinical Trials

The following table sets forth an overview of the completed and ongoing clinical trials of ABP-671 in overseas jurisdictions as of the Latest Practicable Date.

Study Name	Phase	Study Design	Sites	Subjects	Status	Actual Participant Enrollment
ABP-671-101 (NCT03906006)	1	A study to assess the safety, tolerability, PK and PD of ABP-671 in healthy subjects	1 site in the U.S.	Healthy subjects	Completed	32
ABP-671-102 (NCT04060173)	1b	A study to evaluate the safety, tolerability, PK and PD of ABP-671 in subjects with hyperuricemia	1 site in the U.S.	Subjects with hyperuricemia	Completed	27
ABP-671-103 (NCT04303039)	1	A study to investigate the effects of food on relative bioavailability of ABP-671 tablets in healthy subjects	1 site in the U.S.	Healthy subjects	Completed	12
ABP-671-106	1	A study to evaluate the absorption, metabolism, excretion, and mass balance of [^{14}C]-ABP-671 in healthy adult male subjects	1 site in the U.S.	Healthy adult male subjects	Completed	6
ABP-671-108	1	A study to evaluate the safety, tolerability, PK, and PD of a single oral dose of ABP-671 in patients with CKD	2 sites in the U.S.	Patients with CKD	Completed	22

Study Name	Phase	Study Design	Sites	Subjects	Status	Actual Participant Enrollment
ABP-671-201 (NCT04638543)	2a	A study to assess the efficacy, safety and PK of ABP-671 in patients with gout or hyperuricemia	9 sites in Australia	Patients with gout or hyperuricemia	Completed	60
ABP-671-301 (NCT05818085)	2b/3	A study to assess the efficacy and safety of ABP-671 in patients with gout	34 sites in the U.S. and 15 site(s) in other overseas jurisdictions	Patients with gout	Close to completion of the Phase 2b part. All patients have been dosed; database locked in August 2025, ready for statistical analysis before the initiation of the Phase 3 part	In the U.S.: 263 In other overseas jurisdictions: 37

The following table sets forth an overview of the clinical trials of ABP-671 in China as of the Latest Practicable Date.

Study Name	Phase	Study Design	Sites	Subjects	Status	Designed/ Actual Participant Enrollment
ABP-671-107 (CTR20231080)	1	A drug-drug interaction study of ABP-671 and colchicine in healthy Chinese adults	1 site	Healthy subjects	Completed	20
ABP-671-104 (CTR20211668)	1/2a	A study to evaluate the safety and tolerability of single ascending oral doses of ABP-671 in healthy subjects and multiple ascending oral doses in subjects with hyperuricemia and gout	1 site	Healthy subjects and subjects with hyperuricemia or gout	Completed	87
ABP-671-303 (CTR20233710)	2b/3	A study to assess the efficacy and safety of ABP-671 in patients with gout	Over 80 sites (designed)	Patients with gout	Ongoing	955 (designed)

The following sets forth an overview of the key clinical trials of ABP-671:

ABP-671-301: A Phase 2b/3 clinical trial in the U.S. and other overseas jurisdictions to assess the efficacy and safety of ABP-671 in patients with gout

Overview. This trial is a multicenter, randomized, double-blind, Phase 2b/3 study to evaluate the efficacy and safety of ABP-671 in patients with gout. This study is designed as an MRCT that is conducted in multiple sites in the U.S. and other overseas jurisdictions.

Trial Design. The study consists of two sequential parts. In Part 1 (the Phase 2b part), approximately 280 participants will be randomized in a blinded manner to receive a different daily dose level of ABP-671 ranging from 2 mg to 6 mg, placebo or allopurinol control (treat-to-target up to 800 mg). The study includes a screening period (up to four weeks), gout treatment washout period (if required), run-in period (two weeks), dose evaluation period (26 weeks), and follow-up period (two weeks). All participants receive gout flare prophylaxis from the washout period through Week 14 of treatment.

In Part 2 (the Phase 3 part), following unblinded analysis of Part 1 data, approximately 100 participants per treatment arm will be enrolled and randomized to selected ABP-671 dose regimen(s) versus placebo. The Part 2 study design mirrors Part 1 with identical periods and gout flare prophylaxis protocols through Week 28.

The primary efficacy endpoint of Part 1 and Part 2 is to evaluate the proportion of participants who achieve sUA levels of lower than 6.0 mg/dL (0.360 mmol/L) at Week 28. The key secondary efficacy endpoint includes proportion of participants who achieve sUA levels of lower than 5.0 mg/dL (0.300 mmol/L) at Week 28. The other secondary efficacy endpoints include proportion of participants who achieve targeting sUA levels at Week 20, 24, and 28, proportion of participants who experience gout flares from Week 15 to Week 28 in participants who continue to receive randomized study treatment after Week 14, change and percent change in sUA from baseline to Week 28. The exploratory efficacy endpoints include changes in target tophus diameter and number of tophi from baseline to Week 28, and changes in responses in the health-related QOL questionnaire. Pharmacokinetics ("**PK**") endpoint includes plasma concentrations of ABP-671. Safety evaluations include TEAEs, adverse events of special interest ("**AESIs**"), SAEs, and AEs, and other safety assessments such as laboratory testings, vital signs, physical examination and 12-lead electrocardiogram ("**ECG**").

The key inclusion criteria for the Phase 2b/3 trial include but not limited to: a body mass index in the range between 18 kg/m^2 and 40 kg/m^2, meeting the diagnosis of gout per the classification criteria of the 2015 American College of Rheumatism ("**ACR**")/European Alliance of Associations for Rheumatology ("**EULAR**"), and an sUA level of no less than 7.0 mg/dL (0.420 mmol/L).

Trial Status. We initiated Part 1 (Phase 2b) study with the first patient enrolled in October 2023. All patients had been enrolled and treated in Part 1 as of the Latest Practicable Date. We are currently conducting the data analysis for Part 1 of this Phase 2b/3 trial, and anticipate completing the Clinical Study Report for Part 1 in the fourth quarter of 2025.

Set forth below are top line results from the Part 1 (Phase 2b) of the Phase 2b/3 trial.

Efficacy. All primary and secondary efficacy endpoints were achieved in this study. In comparison with the active control group receiving allopurinol under a "treat-to-target" regimen (with daily doses titrated up to 800 mg), ABP-671 demonstrated superior urate-lowering efficacy, in particular, with a significantly higher proportion of patients achieving sUA levels below 5 mg/dL (300 μmol/L) and 4 mg/dL (240 μmol/L). Between weeks 15 and 28, ABP-671 significantly reduced the incidence of acute gout flares compared with control groups, corresponding to an approximately 42% risk reduction. Over the six-month treatment period, ABP-671 also demonstrated activity in tophus dissolution, with meaningful reductions in tophus size from baseline. By week 28, approximately 91% of patients showed a reduction in tophus diameter from baseline.

Safety and Tolerability. ABP-671 was generally well tolerated. In the recommended Phase 3 dose group, the overall incidence of AEs was comparable to placebo. Unlike certain approved urate-lowering agents such as febuxostat and benzbromarone and some investigational candidates, which have been associated with cardiovascular or hepatic risks, no such signals were observed for ABP-671.

ABP-671-303: A Phase 2b/3 clinical trial in China to assess the efficacy and safety of ABP-671 in patients with gout

Overview. This trial is a multicenter, randomized, double-blind, Phase 2b/3 study to evaluate the efficacy and safety of ABP-671 in patients with gout in China.

Trial Design. The clinical trial consists of three parts: Each of Part A and Part B is a separate Phase 2b part, and Part C is a Phase 3 part. Part B and Part C follow a seamless design to assess the efficacy, safety and tolerability of ABP-671.

Part A is designed to enroll 175 patients and evaluates the efficacy, safety, and PopPK of ABP-671 compared to placebo and febuxostat in gout patients. The enrolled patients are randomized into groups receiving a different daily dose level of ABP-671 ranging from 2 mg to 6 mg, placebo or febuxostat. Part A includes a screening/washout period, a run-in period, a dose evaluation period, and a safety follow-up period.

Part B is designed to enroll 150 patients and evaluate the efficacy, safety and PopPK of ABP-671 compared to febuxostat in gout patients. Part C is designed to enroll 630 patients and evaluate the efficacy, safety and PopPK of ABP-671. Each of Part B and Part C includes a screening period, a double-blinded treatment period, an extension treatment period, and a safety follow-up period. In both Part B and Part C, enrolled patients will be randomized into groups receiving a different daily dose level ABP-671 from 2 mg to 4 mg or febuxostat (40 mg).

The primary efficacy endpoint of Part A is the percentage of subjects achieving sUA levels of lower than 360 μmol/L (6.0 mg/dL) at Week 16 of treatment across dose groups. Safety and tolerability endpoints include TEAEs, AESIs, SAEs, vital signs, physical examinations, 12-lead ECGs, and laboratory assessments.

The primary efficacy endpoint of Part B and Part C is the percentage of subjects achieving sUA levels of lower than 360 μmol/L (6.0 mg/dL) at Week 8 or at Week 24 of treatment across dose groups. Safety and tolerability endpoints include TEAEs, AESIs, SAEs, vital signs, physical examinations, 12-lead ECGs, and laboratory assessments.

The key inclusion criteria for the trial include but not limited to a body mass index in the range between 18 kg/m^2 and 40 kg/m^2, meeting the diagnosis of gout per the classification criteria of the 2015 ACR/EULAR.

Trial Status. The first patient was enrolled in December 2023. As of the Latest Practicable Date, 186 patients had been enrolled. The database of this Phase 2b/3 trial is expected to be locked in the fourth quarter of 2026.

ABP-671-201: A Phase 2a clinical trial in Australia to assess the efficacy, safety, and PK of ABP-671 in patients with gout or hyperuricemia

Overview. The trial is a Phase 2a, multicenter, randomized, double-blind, placebo-controlled, dose-ranging study to evaluate the efficacy, safety and PK of six different dose regimens of ABP-671 compared with placebo. Following the three Phase 1 clinical trials in the U.S., we elected to conduct this Phase 2a clinical trial in Australia.

Trial Design. The study consisted of three groups and each group was further divided into two dose cohorts with either once-daily or twice-daily dosing. 60 participants were randomized 4:1 to receive ABP-671 or placebo, with eight ABP-671 participants and two placebo participants in each cohort. Following randomization, all participants underwent a 28-day dose evaluation period, with variable run-in dose titration periods depending on the target daily dose. Following the stable dosing period, all participants underwent a 4-week follow-up period.

The primary efficacy endpoint of the Phase 2a trial was the mean percentage change in sUA levels from baseline. The secondary efficacy endpoints included change in mean sUA levels from baseline, mean percentage change and change in mean sUA levels from baseline between cohorts, percentage of patients achieving sUA of below 6.0 mg/dL (0.357 mmol/L), below 5.0 mg/dL (0.297 mmol/L), and below 4.0 mg/dL (0.238 mmol/L), change in mean sUA compared between once-daily and twice-daily dosing. The safety endpoints were the incidence of TEAEs, incidence of gout flares, and the change from baseline in laboratory testings (e.g., hematology, serum chemistry, coagulation, and urinalysis), vital signs, and ECGs. The PK endpoints included, C_{max}, t_{max}, AUC, and V_d/F, among others, and the pharmacodynamics ("**PD**") endpoint was change in sUA and serum creatinine.

The key inclusion criteria for the trial included but not limited to: meeting the diagnosis of gout as per the classification criteria of the 2015 ACR/EULAR or diagnosis of hyperuricemia, subject has an sUA level of not less than 7.0 mg/dL at baseline, and body mass index not exceeding 40 kg/m^2.

Trial Status. The first patient was enrolled in February 2021 and the trial was completed in October 2021.

Efficacy Data. Irrespective of dose frequency, sUA levels had reduced significantly from baseline and the reduction in sUA levels was maintained through to the end of treatment. All participants administered ABP-671 met the primary efficacy endpoint. With BID dosing, the mean percentage reductions in sUA levels from baseline at the end of the four-week stable dosing period were -39.2%, -63.1%, and -61.7% in the 1 mg, 2 mg, and 4 mg ABP-671 BID dose cohorts, respectively, compared to mean changes of +7.8%, -7.2%, and +28.3% in the corresponding placebo cohorts. With QD dosing, the mean percentage reductions in sUA levels from baseline at the end of the four-week stable dosing period were -33.4%, -40.8%, and -56.5% in the 2 mg, 4 mg, and 8 mg ABP-671 QD dose cohorts, respectively, compared to mean changes of +5.5%, +10.0%, and -1.8% in the corresponding placebo cohorts. All differences between ABP-671 treatment and placebo were statistically significant ($P < 0.0001$).

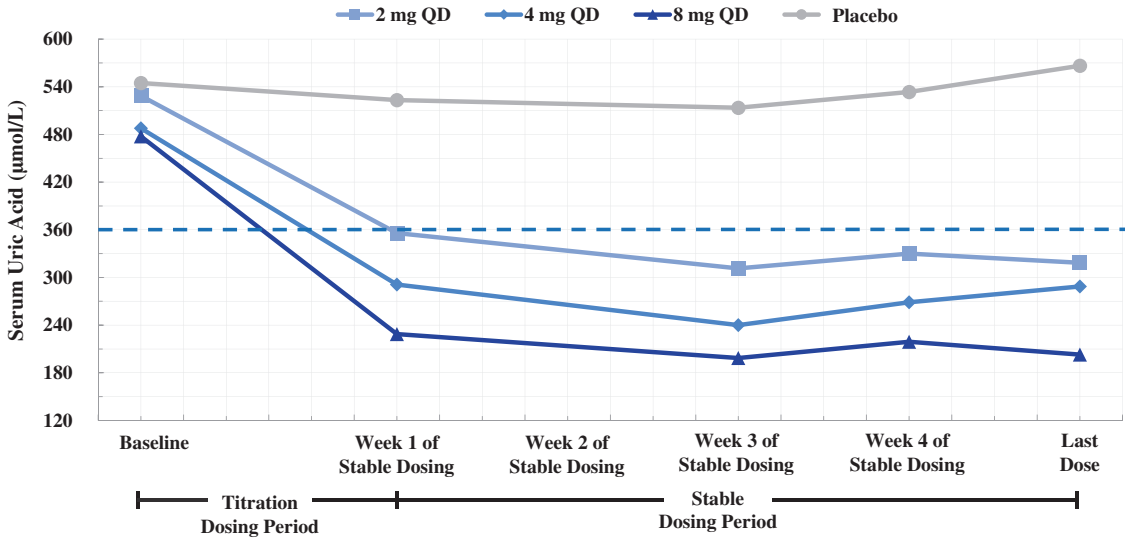
Percentage Change from Baseline in Serum Uric Acid by Cohort (mITT)

Treatment		Start of Stable Dosing Period	Week 2 of Stable Dosing Period	Week 3 of Stable Dosing Period	Week 4 of Stable Dosing Period
1 mg BID . . .	ABP-671 (N = 8)	-33.00 (9.98)	-49.78 (8.98)	-51.03 (11.02)	-39.20 (18.58)
	Placebo (N = 2)	6.72 (1.18)	8.57 (6.57)	4.90 (6.93)	7.81 (8.37)
2 mg QD . . .	ABP-671 (N = 8)	-31.46 (12.60)	-41.61 (8.45)	-37.26 (19.98)	-33.36 (20.62)
	Placebo (N = 2)	-4.5l (3.90)	-12.41 (7.26)	-7.96 (6.11)	5.46 (7.71)
2 mg BID . . .	ABP-671 (N = 8)	-41.13 (14.86)	-64.16 (9.37)	-54.75 (22.43)	-63.12 (7.88)
	Placebo (N = 2)	-7.84 (7.95)	-11.47 (2.63)	-0.96 (1.36)	-7.180 (0.73)
4 mg QD . . .	ABP-671 (N = 8)	-39.71 (12.76)	-51.88 (10.27)	-44.18 (14.78)	-40.83 (15.82)
	Placebo (N = 2)	-1.82 (7.71)	4.55 (6.43)	5.46 (0.00)	10.00 (3.86)
4 mg BID . . .	ABP-671 (N = 8)	-42.04 (25.40)	-58.64 (22.28)	-64.93 (9.80)	-61.66 (8.14)
	Placebo (N = 2)	9.36 (6.50)	3.49 (4.93)	9.47 (6.81)	28.32 (10.45)
8 mg QD . . .	ABP-671 (N = 8)	-51.34 (7.23)	-57.36 (9.34)	-53.50 (13.72)	-56.51 (8.54)
	Placebo (N = 2)	-1.96 (2.77)	-6.75 (4.31)	-0.98 (1.39)	-1.80 (5.32)

Abbreviations: BID = Twice daily; CI = Confidence interval; mITT = Modified intent-to-treat population; SD = Standard deviation; QD = Once daily.

Source: Company information

Change in Serum Uric Acid from Baseline (24 h Post-dose)

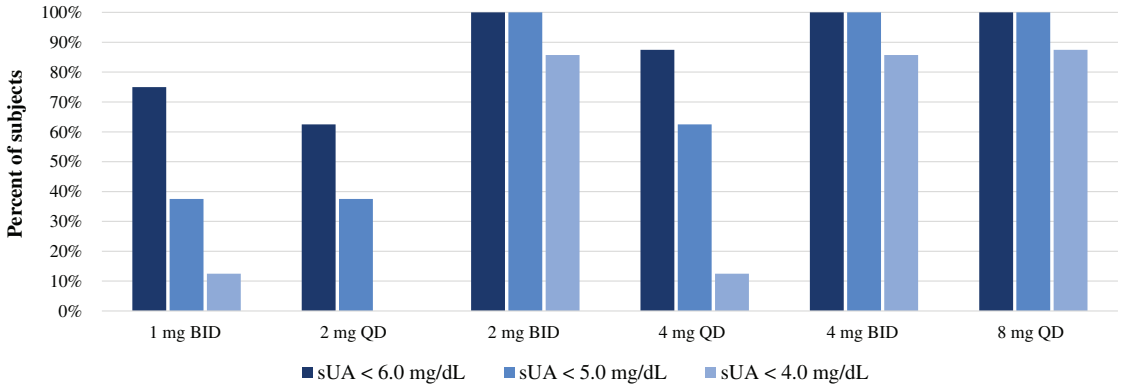


Source: Company information

At 24 hours after the last dose, the percentage of subjects with sUA concentrations below 6.0 mg/dL was as follows: 1 mg BID, 75.0%; 2 mg QD, 62.5%; 2 mg BID, 100%; 4 mg QD, 87.5%; 4 mg BID, 100%; and 8 mg QD, 100%. No subjects treated with placebo achieved sUA levels of lower than 6 mg/dL at the end of treatment. More subjects in the 2 mg BID cohort reached target sUA levels of lower than 5 mg/dL and lower than 4 mg/dL (100.0% and 85.7%, respectively) than in the 4 mg QD cohort (62.5% and 12.5%, respectively).

ABP-671 Phase 2a Efficacy from Australia (Run-in + 4-Week)

24 h Post-dose	% of Gout Patients Achieved sUA Reduction					
	1 mg, BID	2 mg, QD	2 mg, BID	4 mg, QD	4 mg, BID	8 mg, QD
sUA < 6.0 mg/dL	75.0%	62.5%	100.0%	87.5%	100.0%	100.0%
sUA < 5.0 mg/dL	37.5%	37.5%	100.0%	62.5%	100.0%	100.0%
sUA < 4.0 mg/dL	12.5%	0.0%	85.7%	12.5%	85.7%	87.5%
Mean % Reduction of sUA from baseline	39.2%	33.4%	63.1%	40.8%	61.7%	56.5%



Source: Company information

Safety Data. ABP-671 was well tolerated, with the overall incidence of TEAEs similar between the ABP-671 treatment cohorts and the placebo group. Most TEAEs were mild (29 of 60 participants (48.3%)) or moderate (17 of 60 participants (28.3%)) in severity. There were no severe TEAEs, life-threatening or fatal events.

PK Data. Following multiple oral administration of 1 mg BID, 2 mg BID, and 4 mg BID ABP-671, the median T_{max} ranged from 2.00 to 3.00 hours, and the rate and extent of systemic exposure (as measured by C_{max} and AUC) increased 4-fold for a 4-fold increase in dose (i.e., 1 mg BID to 4 mg BID). Clearance and terminal volume of distribution of ABP-671 were in the range of 3.83 to 4.46 L/hour and 17.01 to 20.59 L, respectively, and comparable across all BID dose cohorts.

Following multiple oral administration of 2 mg QD, 4 mg QD, and 8 mg QD ABP-671, the median T_{max} ranged from 1.98 to 2.02 hours, and the systemic exposure (as measured by C_{max} and AUC) increased 5-fold for a 4-fold increase in dose (i.e., from 2 mg QD to 8 mg QD). Clearance and terminal volume of distribution of ABP-671 were in the range of 4.14 to 5.10 L/hour and 17.52 to 20.72 L, respectively, and comparable across all QD dose cohorts.

ABP-671-104: A Phase 1/2a clinical trial in China to evaluate the safety and tolerability of ABP-671 in healthy subjects and patients with hyperuricemia and gout

Overview. The trial is a Phase 1/2a, randomized, double-blind, placebo-controlled study to evaluate the safety, tolerability, PK and PD of SAD of ABP-671 in healthy subjects and MAD of ABP-671 in subjects with hyperuricemia and gout in China.

Trial Design. The study consisted of two phases: Phase 1 was the SAD study and Phase 2a was the MAD study. In the Phase 1 SAD study, 32 healthy subjects were enrolled across four dose groups (0.5 mg, 1 mg, 3 mg, and 6 mg once daily), with eight subjects per group randomized 3:1 to receive ABP-671 or placebo (six active, two placebo per group). In the Phase 2a MAD study, 55 subjects with hyperuricemia and gout were enrolled (one subject in the placebo group withdrew before dosing) across six dose groups, with nine subjects per group randomized 7:2 to receive ABP-671 or placebo (at least three gout patients per group). This MAD study design included a run-in period (nine to ten days) followed by a seven-day dose evaluation period.

The primary endpoints of the Phase 1 trial were incidence and severity of AEs and SAEs, the secondary endpoints of the Phase 1 trial were PK parameters of ABP-671, such as C_{max}, t_{max} and PD parameters of ABP-671, namely, sUA levels and changes in sUA levels from baseline. The primary endpoints of the Phase 2a trial were incidence and severity of AEs and SAEs, as well as sUA levels and changes in sUA levels. The secondary endpoints of the Phase 2a trial were PK parameters of ABP-671, such as t_{max}, C_{max}, and the number of subjects in each dose group who achieved target sUA levels of lower than 360 μmol/L (6.0 mg/dL), lower than 300 μmol/L (5.0 mg/dL), and lower than 240 μmol/L (4.0 mg/dL) following completion of the stable dosing period.

The key inclusion criteria for the Phase 1 trial included but not limited to: subject has a sUA level between 4.0 mg/dL and 7.0 mg/dL without gout history, and body mass index between 19.0 kg/m^2 and 26.0 kg/m^2. The key inclusion criteria for the Phase 2a trial included but not limited to: participants meeting the diagnosis of gout as per the classification criteria of the 2015 ACR/EULAR or diagnosis of hyperuricemia, subject has two separate fasting sUA measurements, which are taken on different days, each exceeding 7.0 mg/dL, and body mass index between 18.0 kg/m^2 and 32.0 kg/m^2.

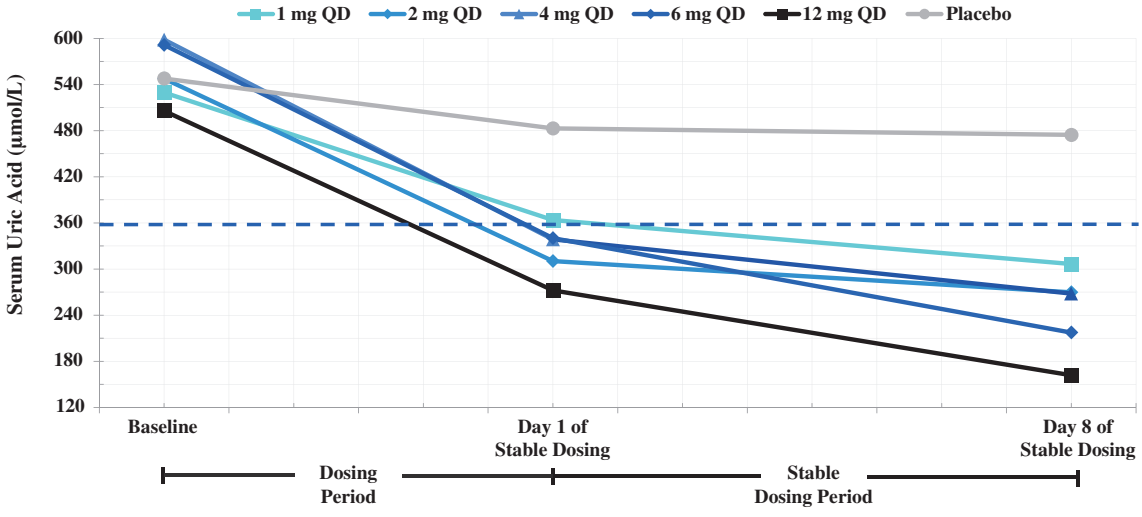
Trial Status. The first participant was enrolled in July 2021. The Phase 1/2a clinical trial was completed in November 2022.

Safety Data. Following single oral administration of ABP-671 0.5 mg to 6 mg, eight out of 32 (25.0%) healthy subjects reported AEs, with six cases (25.0%) in the ABP-671 group and two cases (25.0%) in the placebo group. Following multiple oral administration of ABP-671 1 mg QD to 12 mg QD, 29 out of 54 (53.7%) patients with hyperuricemia and gout reported AEs, with 24 cases (57.1%) in the ABP-671 group and five cases (41.7%) in the placebo group. All AEs were Grade 1 or Grade 2 in severity, with no SAEs or deaths reported. No obvious dose-related changes in AEs were observed, demonstrating that ABP-671 has favorable safety and tolerability profiles in Chinese healthy subjects and patients with hyperuricemia and gout.

PK Data. Following single oral administration of ABP-671 0.5 mg to 6 mg in healthy subjects, the median t_{max} ranged from 0.75-1.50 hours. Steady-state was achieved before dosing on the fifth day following multiple dosing of ABP-671 1 mg QD to 12 mg QD. The median t_{max} at the end of the dose evaluation period ranged from 2.0-3.0 hours. ABP-671 exposure increased proportionally with dose escalation.

Efficacy Data. Following single administration of ABP-671 0.5 mg to 6 mg in healthy subjects or multiple administration of 1 mg QD to 12 mg QD in patients with hyperuricemia and gout, sUA levels declined in a dose-dependent manner. In the MAD cohorts, following the final dose, proportions of subjects with 24-hour post-dose sUA below 6.0, 5.0 and 4.0 mg/dL were 85.7%, 57.1% 14.3% for 1 mg QD, 100%, 85.7%, 14.3% for 2 mg QD, 100%, 85.7%, 14.3% for 4 mg QD, 100%, 100%, 57.1% for 6 mg QD, and 100%, 100%, 100% for 12 mg QD. In the placebo group, sUA levels showed no notable change.

Change in Serum Uric Acid from Baseline (24 h Post-dose)



Source: Company information

The following table sets forth a summary of Phase 1 clinical trials of ABP-671 as of the Latest Practicable Date:

Study Name	Endpoints	Participants with Reported TEAE	Common TEAE (Number of Cases)	Material Results
ABP-671-101 (NCT03906006) . .	Primary endpoints: Safety and tolerability will be assessed by monitoring adverse events, vital signs, and ECGs, assessing laboratory testing results, and performing physical examinations. Secondary endpoints: PK parameters (including, but not limited to, C_{max}, t_{max}, AUC and V_d/F will be determined based on serial blood sample collections and plasma ABP-671 concentrations); PD parameters (including uric acid and creatinine levels in both serum and urine)	0.1 mg ABP-671: 1 0.5 mg ABP-671: 1 1 mg ABP-671: 2 Placebo: 1 (A 50 mg cohort of ABP-671 was tested but is not relevant to our subsequent studies)	Reported TEAEs were scarce in cohorts administered with ABP-671 from 0.1 mg to 1 mg. No reported TEAEs were considered common in those cohorts.	Safety and tolerability • ABP-671 was generally well tolerated at single ascending oral doses up to 1 mg in healthy participants. PK • ABP-671 demonstrated rapid absorption with the range of median t_{max} between 0.695 to 1.031 hour across all dose levels, and total plasma exposure and peak exposure increased in a dose-proportional manner following single oral administration from 0.1 to 1 mg.

Study Name	Endpoints	Participants with Reported TEAE	Common TEAE (Number of Cases)	Material Results
				PD • ABP-671 exhibited dose-dependent pharmacological activity starting from 0.1 mg dose level with rapid and sustained decreases in sUA levels in 72 hours, with the most pronounced effects observed within the first 24 hours post-dose. Within the initial 12 hours pose-dose, the fractional excretion of uric acid (FEUa) increased in a dose-dependent manner.
ABP-671-102 (NCT04060173) . .	Primary endpoints: Safety and tolerability will be assessed by monitoring adverse events, vital signs, ECGs, renal ultrasounds, safety laboratory values, and physical examinations. Secondary endpoints: PK parameters (including, but not limited to, C_{max}, $C_{steady\text{-}state}$, t_{max}, AUC and V_d.); PD parameters (uric acid parameters and uric acid levels in both serum and urine).	0.2 mg ABP-671: 2 0.5 mg ABP-671: 4 1.0 mg ABP-671: 1 Placebo: 2	Gastrointestinal disorders (0.2 mg/0.5 mg/1.0 mg ABP-671/Placebo:1/2/1/2) Musculoskeletal and connective tissue disorders (0.2 mg/0.5 mg/1.0 mg ABP-671:1/3/1)	Safety and tolerability • Oral doses of ABP-671 up to 1.0 mg administered daily for 10 days appeared to be generally safe and well tolerated in subjects with hyperuricemia, with serum creatinine changes comparable to placebo and not dose-dependent.

Study Name	Endpoints	Participants with Reported TEAE	Common TEAE (Number of Cases)	Material Results
				PK • Over the dose range of 0.2 mg QD to 1 mg QD, the PK parameters of ABP-671 demonstrated dose-proportional relationship on Days 1, 5, and 10. There was no accumulation observed following daily administration across all three cohorts (0.2 mg, 0.5 mg, and 1.0 mg) for 10 days in adult subjects with hyperuricemia. PD • ABP-671 exhibited dose-dependent and time-enhanced efficacy with percent reduction from baseline in sUA levels being greater on Day 5 and Day 10 than on Day 1, and demonstrated significant increases in fractional excretion of UA (FEUa). The 0.2 mg, 0.5 mg and 1.0 mg cohorts reached FEUa of 118%, 218%, and 331%, respectively, at 6 hours post-dose on Day 10 compared to 22% for placebo.

Study Name	Endpoints	Participants with Reported TEAE	Common TEAE (Number of Cases)	Material Results
ABP-671-103 (NCT04303039) . .	Primary endpoint: Relative bioavailability of ABP-671 tablet formulation in the fasted and fed state. Secondary endpoints: PD of ABP-671 tablet evaluated through uric acid and creatinine parameters and uric acid levels in both serum and urine.	Fasted: 3 Fed: 2 No TEAE was reported by more than 1 subject.	Gastrointestinal disorders (Fasted/Fed: 1/1)	Safety and tolerability • ABP-671 1.0 mg tablet was generally safe and well-tolerated in 12 healthy subjects (6 males and 6 females), with no serious TEAEs, no TEAEs leading to treatment discontinuation or study discontinuation, and the severity of all reported TEAEs was assessed as Grade 1. None of the TEAEs were considered treatment related. PK • ABP-671 demonstrated similar AUC exposure between fed and fasted states with 90% confidence intervals within the 80.00-125.00% bioequivalence limits, indicating that food effect did not substantially impact the level of exposure of ABP-671. Compared to the fasted condition, C_{max} was reduced by approximately 27% in the fed state; and median t_{max} differed by ~2 hours, changes of which was statistically significant. PD • The PD parameters E_{max} and tE_{max} (maximal effect on sUA and time to reach the maximal effect, respectively) were similar between fed and fasted states.

Study Name	Endpoints	Participants with Reported TEAE	Common TEAE (Number of Cases)	Material Results
ABP-671-106	Primary endpoints: Total radioactivity (TRA) recovery rate and percentage of radioactive dose excreted in urine and feces; equivalent PK parameters of TRA concentrations in plasma, urine, and feces; equivalent TRA concentrations in whole blood; PK parameters of ABP-671 in plasma; the ratio of C_{max} and concurrent AUC_{0-t} between plasma ABP-671 and TRA; and the metabolite profile of ABP-671 in plasma, urine and feces analyzed using radiolabeled samples with sufficient radioactivity. Secondary endpoints: Percentage of whole blood TRA relative to plasma TRA at each whole blood and plasma TRA assessment timepoint; TEAEs, 12-lead electrocardiograms (ECGs), vital signs, clinical laboratory testing, and renal ultrasound examinations during treatment.	1	None	PK • The mean (SD) total recovery of administered radioactivity was 99.9% ± 2.3%, with recovery in urine and feces of 74.4% ± 9.4% and 26.4% ± 7.5%, respectively. Total radioactivity (TRA) recovery rates across subjects ranged from 96.0% to 102%. The majority of TRA (over 90% of the administered dose) was recovered within 72 hours post-dose. These findings indicate that urinary excretion is the primary elimination pathway for [^{14}C]-ABP-671 related substances in humans. ABP-671 was the predominant component in plasma TRA, accounting for approximately 89.96% of plasma TRA AUC. Safety • ABP-671 exhibited good safety and tolerability.

Study Name	Endpoints	Participants with Reported TEAE	Common TEAE (Number of Cases)	Material Results
ABP-671-107 (CTR20231080) . .	Plasma PK parameters of ABP-671 and colchicine.	Group 1 (Day 1-5: 2 mg ABP-671, Day 6: 2 mg ABP-671 and 1 mg colchicine): 4 Group 2 (Day 1-5: 1 mg colchicine, Day 6: 2 mg ABP-671 and 1 mg colchicine): 2	Renal and urinary disorders (Group 1: 2) Cardiac disorders (Group 1: 2) Gastrointestinal disorders (Group 2: 2)	PK • The results demonstrated that there was no significant drug-drug interaction when ABP-671 tablets and colchicine tablets were co-administered at steady state, indicating that no dose adjustment of ABP-671 is required. Safety • ABP-671 was well tolerated and safe in Chinese healthy adult subjects, both when administered along and in combination with colchicine.
ABP-671-108	Primary endpoints: PK parameters in plasma and urine Secondary endpoints: PD parameters, safety and tolerability in CKD patients	Group 1 (normal kidney function): 0 Group 2 (Stage 2 CKD): 2 Group 3 (Stage 3 CKD): 1	Gastrointestinal disorders (Group 2: 1) Renal and urinary disorders (Group 3: 1)	PK • As renal function deteriorates, systemic exposure of ABP-671 increased, while renal clearance and urinary excretion declined. PD • All groups achieved comparable urate clearance rates, with no dose adjustments required. Safety • There were no reported deaths or serious or severe TEAEs, and no subjects discontinued the study due to TEAEs, indicating favorable safety and tolerability.

Clinical Development Plan

In the U.S. and other overseas jurisdictions, we are currently conducting the data analysis of Part 1 of ABP-671's Phase 2b/3 trial, and we anticipate completing the Clinical Study Report for Part 1 in the fourth quarter of 2025. We may commence the Part 2 of the Phase 2b/3 trial or a standalone pivotal Phase 3 clinical trial in the U.S. in the first half of 2026.

In China, we expect to commence the Phase 3 part of the ongoing Phase 2b/3 clinical trial in the first quarter of 2026, and lock the database in the fourth quarter of 2026. Subject to the clinical progress and results, we expect to request a pre-NDA communication with the NMPA in the fourth quarter of 2026. We are also preparing the IND application for the CKD indication and plan to directly enter into a Phase 2 clinical trial in the first quarter of 2026.

We had not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

Licenses, Rights and Obligations

Commercialization Arrangement with CMS

In December 2024, we entered into a commercialization collaboration arrangement with CMS for exclusively commercializing ABP-671 in Mainland China, Hong Kong and Macau for the treatment of gout and hyperuricemia indication. With such commercialization arrangement, we expect to benefit from CMS' decades of market experience and know-how in navigating through the rapidly evolving healthcare landscape, leverage its market access capability to provide umbrella coverage for a portfolio of products, and through its sales network cover both higher- and lower-tier markets to enable broad market penetration. We believe that the collaboration will establish a solid foundation for our future commercialization. For more details, please see "— Commercialization — Commercialization Arrangement with CMS on ABP-671."

Material Communications with Competent Authorities

We have developed ABP-671 beyond the concept stage in both the U.S. and China, as we have completed Phase 1 clinical trials in those jurisdictions, and neither the FDA nor the NMPA had any objection to the commencement of later-phase clinical trials.

In the U.S.

We submitted an IND application to the FDA in September 2018 for a Phase 1 clinical trial of ABP-671 to investigate the safety, tolerability, PK and PD of single ascending oral doses in healthy participants in the U.S. (ABP-671-101). The FDA issued a "Study May Proceed" letter on November 20, 2018, allowing us to proceed with the proposed clinical development of ABP-671 in gout. We submitted protocols for additional Phase 1 trials (ABP-671-102, ABP-671-103, ABP-671-106, and ABP-671-108) to the FDA under the same IND approval.

Following the completion of three Phase 1 trials (ABP-671-101, ABP-671-102, and ABP-671-103) in the U.S., we submitted a Phase 2a study protocol to the FDA, in which we proposed to conduct the subsequent Phase 2a clinical trial in Australia, due to the impact of the COVID-19 pandemic in the U.S. In the 30 days following our submission, the FDA did not raise any comments to our Phase 2a trial protocol and had no objection to our commencement of the Phase 2a clinical trial in Australia. Following the approval of Human Research Ethics Committee ("**HREC**") and the acknowledgment of Clinical Trial Notification ("**CTN**") from Therapeutic Goods Administration ("**TGA**") of Australia, we initiated a Phase 2a clinical trial to assess the efficacy, safety and PK of ABP-671 in patients with gout or hyperuricemia in Australia (ABP-671-201) in February 2021. Such Phase 2a trial was completed in October 2021.

In April 2022, following the completion of the Phase 2a clinical trial, we submitted a request for an end-of-phase 2 (EOP2) meeting with the FDA to discuss pivotal studies and plans for developing ABP-671 in the treatment of hyperuricemia and gout. The request package included results from the Phase 1 trials in the U.S. and Phase 2a trial conducted in Australia, as well as the proposed Phase 2b/3 trial design. The FDA reviewed our request package, including the safety and efficacy results of ABP-671 in reducing serum urate in human derived from the Phase 2a clinical trial, and provided preliminary written comments in July 2022, followed by a teleconference meeting in the same month to discuss certain regulatory and clinical development questions. The FDA raised certain regulatory inquiries regarding our Phase 2a results and design of Phase 2b/3 trial, such as dose selection and dosing frequency, studies in subjects with renal impairment, and the choice of positive control. We took into account all of the FDA's comments and revised our Phase 2b/3 trial protocol (ABP-671-301) which we submitted in November 2022. In the 30 days following our submission, the FDA did not raise any clinical trial holding comments to our Phase 2b/3 trial and had no objection to our commencement of the Phase 2b/3 clinical trial in the U.S. We commenced a Phase 2b/3 trial to evaluate the efficacy and safety of ABP-671 in patients with gout in the U.S. in October 2023. After the initiation of the Phase 2b/3 trial, we continued to communicate with the FDA regarding certain aspects of this trial, including the refinement of Part 2 (Phase 3) design such as statistical analysis. We also applied to initiate this multicenter Phase 2b/3 trial in Australia, Taiwan, Guatemala and Georgia. During the entire process, the FDA had no objection to our commencement of the Phase 2b/3 clinical trial in the U.S.

In China

We submitted an IND application to the NMPA in January 2021 for a Phase 1/2a clinical trial to evaluate the safety and tolerability of ABP-671 in healthy subjects and patients with hyperuricemia and gout in China (ABP-671-104), and obtained the IND approval in April 2021 allowing us to proceed with clinical development of ABP-671 in hyperuricemia and gout. We commenced the Phase 1/2a clinical trial (ABP-671-104) in July 2021 and completed this trial in November 2022. Following the completion of the Phase 1/2a clinical trial, we communicated with the NMPA regarding our future development plan of ABP-671 and the NMPA recommended a Phase 2b study to be conducted before the commencement of a Phase 3 trial. We continuously communicated with the NMPA regarding the design of a Phase 2b/3 clinical trial and formulated the study protocol (ABP-671-303). We commenced the Phase 2b/3 clinical trial in December 2023 to assess the efficacy and safety of ABP-671 in patients with gout. After the last visit of the last patient of a Phase 2b part (Part A) in July 2024, an EOP2 meeting was held with the NMPA, where we presented data of the Phase 2b part (Part A) and the design of the subsequent Phase 3 part. We are in the process of communicating with the NMPA regarding the design and commencement of the Phase 3 part. During the entire process, the NMPA had no objection to the commencement of the Phase 2b/3 clinical trial.

We had not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABP-671 SUCCESSFULLY.

ABP-745: An Oral Colchicine Analogue with Significant Safety Advantage

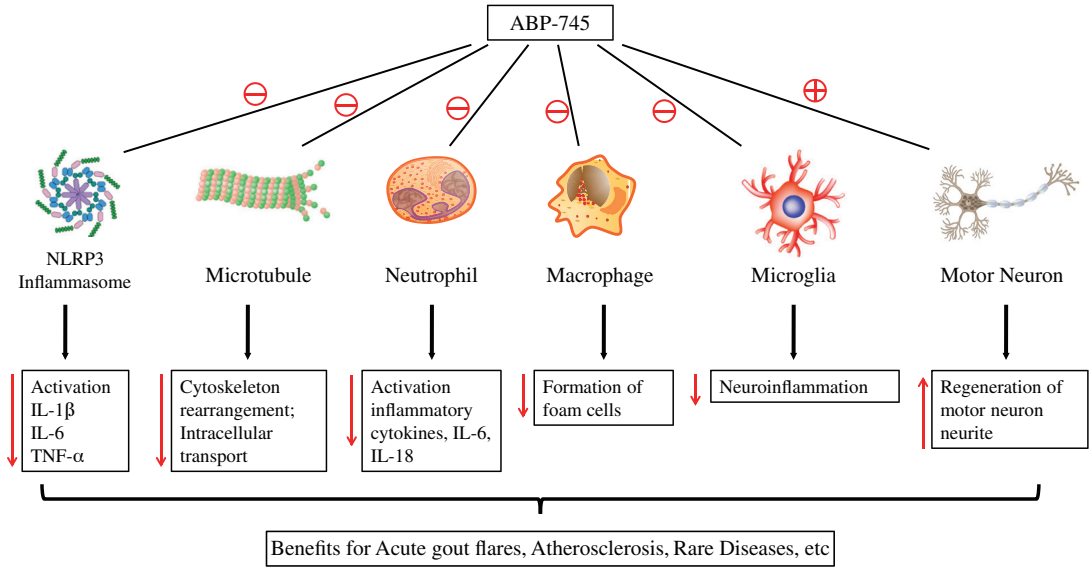
Overview

ABP-745 is a colchicine analogue with an improved safety profile designed for the treatment of acute gout flares, atherosclerosis and other indications. Acute gout flares are a rapidly onset, sometimes explosive, form of joint inflammation characterized by intense pain. They are triggered by abrupt changes in intra-articular urate concentrations, which lead to the formation and deposition of monosodium urate microcrystals. Current mainstream therapies to treat acute gout flares include colchicine, NSAIDs and glucocorticoids, which carry risks such as gastrointestinal tract discomfort, cardiovascular events, and osteoporosis. ABP-745 rapidly relieves pain by inhibiting tubulin polymerization and suppressing the release of multiple inflammatory factors, such as IL-1β, IL-6, IL-18, and TNF-α. The unique, patented molecular structure of ABP-745 has addressed colchicine's major limitations, delivering a 25- to 30-fold reduction in toxicity and absence of DDI, while preserving therapeutic efficacy. In addition, given that acute gout flare patients often present with multiple comorbidities and complex medication regimens, advantages of ABP-745, such as its improved safety profile with minimal DDI risk and dosing convenience with no food effect, addresses these critical clinical needs, enabling safer treatment for patients.

We are currently conducting a Phase 2 MRCT of ABP-745 in the U.S., China and Australia for acute gout flares. We are also planning indication expansion studies, including atherosclerosis and certain rare diseases.

Mechanism of Action

Colchicine binds to tubulin, disrupting microtubule polymerization and inhibiting neutrophil migration to inflammatory sites. This prevents neutrophil degranulation and release of pro-inflammatory factors (IL-1β, IL-6, IL-18, and TNF-α), while suppressing NLRP3 inflammasome activation triggered by urate crystals, thereby providing rapid anti-inflammatory and pain-relieving treatment in acute gout flares. Despite its efficacy, colchicine has a narrow therapeutic window and is limited by dose-dependent toxicity. Studies have shown that the effective steady-state plasma concentration of colchicine in treating disease is 0.5-3 ng/mL, while toxicity may occur at concentrations as low as 3 ng/mL. The C-10 substituent of colchicine is believed to be a major contributor to its toxicity. While this position is crucial for the therapeutic effect of colchicine, it presents a major challenge in developing safer colchicine-derived therapies. ABP-745 addresses these limitations through rational chemical modification, which improves safety profile, minimizes DDI, and maintains potency for acute gout flare treatment.



Source: Company information

Market Opportunity and Competition

Acute gout flare, is a sudden and intense episode of joint inflammation caused by the deposition of monosodium urate crystals in the joints. These flares are marked by severe pain, redness, warmth, and swelling that can last for days to weeks, often followed by asymptomatic periods known as remissions. Acute gout flare episodes are a typical and frequent manifestation

within the progression of gout and hyperuricemia. There were 45.4 million people suffering from the acute gout flares globally in 2024, which is projected to increase to 68.2 million in 2033, according to Frost & Sullivan.

The choice of treatment depends on patient-specific factors, including drug tolerance and the severity of the flare. Current treatments include colchicine, NSAIDs and glucocorticoids. Compared with NSAIDs and glucocorticoids, colchicine offers several advantages: it can be administered orally, has a well-established mechanism of action specifically targeting microtubule assembly and thereby neutrophil migration, and avoids renal risks and cardiovascular complications often associated with NSAIDs, as well as the metabolic and immunosuppressive side effects linked to glucocorticoids. Despite its efficacy, existing colchicine's clinical use is limited by its narrow therapeutic window, as overdoses can result in serious gastrointestinal, hematologic, and neurological toxicities. To address this, researchers have modified colchicine's structure to reduce toxicity while maintaining its effectiveness.

The treatment of acute gout flares involves several types of drugs, each with its own mechanism of action and associated toxicity. Colchicine, NSAIDs, glucocorticoids, and IL-1 inhibitors are typically used options that target inflammation and pain. Drug candidates under development for acute gout flares are primarily focused on targeting IL-1 inhibitors and colchicine analogs, reflecting the growing interest in add the inflammatory pathways central to the disease. As of the Latest Practicable Date, there were five drug candidates in development for the treatment of acute gout flares. Among these candidates, our ABP-745 stands out as the only colchicine analog currently in clinical trials.

For more details regarding the market size and competitive landscape of drugs for acute gout flares, see "Industry Overview — Overview of Acute Gout Flare Drug Market."

Competitive Advantages

We believe that ABP-745 has the following competitive advantages:

Potentially optimal combination of rapid onset and superior safety profile

ABP-745 demonstrates rapid absorption PK characteristics in Phase 1 human studies, with quantifiable plasma drug concentrations detected within 10 minutes post-dose and peak concentrations achieved in between 1.5 to 2.0 hours, enabling fast symptom relief for acute gout flares. Concurrently, comprehensive non-clinical safety evaluations revealed no safety liabilities for cardiovascular, central nervous system, or respiratory functions, with hERG inhibition IC_{50} over 100 μM. The 28-day repeat-dose toxicology studies established NOAELs of 5 mg/kg/day in Beagle dogs and 20 mg/kg/day in rats, providing substantial safety margins for clinical application. In Phase 1 trial involving 90 subjects, only mild-to-moderate TEAEs were observed, with no Grade 3 or higher AEs or SAEs, and only one subject discontinuation due to TEAE. This combination of rapid efficacy onset and exceptional safety profile provides ABP-745 with a significantly wider therapeutic window compared to colchicine.

Minimal DDI risk and flexible dosing, ideal for patients with complex medication regimens

ABP-745 offers clinical convenience through both minimal DDI risk and flexible dosing characteristics, making it ideally suited for the complex medication regimens common in acute gout flare patients. Unlike colchicine, which is a strong CYP3A4 substrate requiring boxed warnings and contraindications when co-administered with common medications, ABP-745 is not a significant substrate of any major CYP enzymes (1A2, 2A6, 2B6, 2C8/9/19, 2D6, 2E1, or 3A). This feature means that when combined with potent CYP3A4 inhibitors for clinical application, ABP-745 will not cause the significant increases of safety risks similar to what has been observed for colchicine. Additionally, while ABP-745 is a P-gp substrate, it does not inhibit P-gp function and has minimal impact on most renal and hepatic transporters. Complementing this low DDI profile, Phase 1 studies demonstrated no clinically meaningful food effect, with geometric mean ratios for C_{max}, AUC_{last}, and $AUC_{0\text{-}inf}$ all within the 80-125% no-effect boundaries when co-administered with food. Additionally, ABP-745's single ascending dose and multiple ascending dose studies have demonstrated its favorable safety and tolerability with nearly absence of drug accumulation (R_{Cmax} and $R_{AUC\tau} \approx 1$), supporting once- or twice-daily dosing regimens. These combined characteristics allow patients to take medication at any time, providing significant clinical advantages for acute gout flare patients who require combination therapies to manage comorbidities such as cardiovascular disease, hyperlipidemia, hypertension, or CKD.

Potential application in atherosclerosis and rare diseases

ABP-745 is designed to leverage the therapeutic success that colchicine has already demonstrated in cardiovascular and rare autoinflammatory diseases. Landmark trials such as COLCOT and LoDoCo have shown meaningful reductions in cardiovascular events with low-dose colchicine, and the drug's FDA approval for Familial Mediterranean Fever confirms the commercial relevance of targeting the NLRP3/IL-1β pathway. Nevertheless, wider clinical use of colchicine is often hampered by gastrointestinal side effects and clinically significant DDI (notably with strong CYP3A4 or P-gp inhibitors). Preliminary non-clinical data indicate that ABP-745 retains the anti-inflammatory effects while exhibiting a superior safety profile with minimized DDI. In preclinical models of atherosclerosis, ABP-745 inhibited aortic plaque area rates by up to 56.1% and demonstrated potential synergy with statins in further reducing atherosclerotic plaque burden, suggesting potentially superior anti-atherosclerotic efficacy. This enhanced therapeutic profile positions ABP-745 to serve patients who cannot tolerate colchicine therapy, potentially expanding the addressable market across both cardiovascular and rare inflammatory diseases.

Summary of Clinical Trials

As of the Latest Practicable Date, we had completed one Phase 1 clinical trial in the U.S. for ABP-745. We were conducting a Phase 2 clinical trial in the U.S. and Australia as of the same date, with the first patient enrolled in the third quarter of 2025. Moreover, we have also

received the IND approval from the NMPA for a Phase 2 clinical trial in China, together with the Phase 2 clinical trial in the U.S. and Australia form an MRCT of ABP-745. The following table sets forth an overview of the completed and ongoing clinical trials of ABP-745 as of the Latest Practicable Date:

Study Name	Phase	Study Design	Sites	Subjects	Status	Actual/ Planned Patient Enrollment
ABP-745-101 (NCT06258213) . .	1	A study to evaluate the safety, tolerability and PK of oral ABP-745 in healthy participants and an open, single-dose, two-period, crossover food-effect study	1 site in the U.S.	Healthy participants	Completed	90 (actual)
ABP-745-201 (NCT07145229) . .	2	A MRCT to evaluate the efficacy and safety of ABP-745 in subjects with acute gout flares	13 sites in the U.S. 18 sites in China 7 sites in Australia	Subjects with acute gout flares	The U.S.: Ongoing China: Ongoing Australia: Ongoing	Approximately 380 enrolled, 200 randomized (planned)

The following sets forth an overview of the clinical trials of ABP-745:

ABP-745-201: A Phase 2 MRCT in the U.S., China and Australia to evaluate the efficacy and safety of ABP-745 in subjects with acute gout flares

Overview. This trial is a randomized, double-blind, international, multicenter, colchicine and placebo-controlled MRCT to evaluate the efficacy and safety of ABP-745 in subjects with an acute gout flare. It is planned to be conducted in the U.S., China and Australia.

Trial Design. The study consists of four sequential phases: a 14-day screening period, a waiting period of up to six months awaiting an acute gout flare, a randomization and treatment period, and a safety follow-up period of seven to 14 days. Upon experiencing an eligible acute gout flare, approximately 200 patients will be randomized in a 1:1:1:1 ratio to four treatment arms using stratified randomization by region (China, the U.S. and Australia). The four treatment groups include two dose levels of ABP-745 (2-5 mg) control with colchicine using region-specific dosing, and placebo. All treatments follow a seven-day regimen.

The primary efficacy endpoints of the Phase 2 trial are change from baseline (before the first dose) in 0-100 mm visual analogue scale ("**VAS**") pain score of the target joint (i.e., the most severely affected joint) at 24 hours (+/-6 hours) post the first dose of treatment. The secondary efficacy endpoints include percentage change from baseline in VAS pain score of the target joint at 24 hours post the first dose of study drug, change and percentage change from baseline in VAS pain score of the target joint at 48, 72 hours and 5, 6, 7, and 8 days post the first dose of treatment, among others. The safety endpoints are TEAEs and SAEs, and clinically significant changes in physical examination, vital signs, laboratory tests, and 12-lead ECG.

The key inclusion criteria for the trial included but not limited to: a body mass index in the range between 18 kg/m^2 and 40 kg/m^2; both past medical history and current clinical presentation support a diagnosis of gouty arthritis; subjects must have experienced two or more gout flares within 12 months prior to screening.

Trial Status. In the U.S., the first patient was enrolled in September 2025, with completion of patient dosing anticipated by the second quarter of 2026. In China, we received IND approval from the NMPA in July 2025 to initiate the Phase 2 trial, with the first patient enrollment planned for the third quarter of 2025. In Australia, the Phase 2 study protocol is currently pending HREC approval, and the first patient enrollment is also planned for the third quarter of 2025.

ABP-745-101: A Phase 1 clinical trial in the U.S. to evaluate the safety, tolerability and PK of oral ABP-745 in healthy participants and the food effect

Overview. This trial was a randomized, double-blind, placebo-controlled, in single and multiple ascending doses, study conducted in healthy participants to evaluate the safety, tolerability and PK of ABP-745 and an open, single-dose, two-period and crossover food effect study.

Trial Design. This Phase 1 trial consisted of three parts: Part 1 was a SAD study, Part 2 was a MAD study and Part 3 was a food effect study. Part 1 included four ascending dose cohorts with eight participants per cohort (ABP-745: placebo = 3:1). Each participant received a single oral dose of either ABP-745 in the range from 0.5 mg to 5 mg or placebo. Part 2 included five ascending repeat dose cohorts with daily dose levels ranging from 0.5 mg to 5 mg. The administration dose, dosing frequency, PK sampling time points, and study flow of the Part 2 study was adjusted according to the available safety, tolerability, and PK data from Part 1. Eight healthy participants were enrolled in the Part 3 study, four of them were administered a single dose of ABP-745 (4 mg) on Day 1 of the study under fasted conditions, while the other four participants were administered a single dose of ABP-745 (4 mg) under fed conditions. On the second dosing day (study Day 6), subjects changed dosing from fasted to fed state or from fed to fasted state. Each dosing was separated by a washout period of five days. Upon completion of all safety assessments and sampling for PK analysis, participants were discharged on Day 9 of the study. Furthermore, participants returned to the clinical study site for follow-up on Day 12 (± 1 Day) of the study.

The primary endpoints of the Part 1 study were AEs, clinical laboratory tests, physical examination, vital signs, and 12-lead ECG. The secondary endpoints of the Part 1 study were plasma PK parameters including C_{max}, T_{max}, $t_{1/2}$, λ_z, $AUC_{0\text{-}inf}$, AUC_{last}, $\%AUC_{ex}$, CL/F, and V_z/F. The primary endpoints of the Part 2 study were AEs, clinical laboratory tests, physical examination, vital signs, and 12-lead ECG. The secondary endpoint of the Part 2 study were plasma PK parameters including C_{trough}, C_{max}, T_{max}, AUC_{τ}, $RAAUC_{\tau}$ and RAC_{max}, and urine PK parameters including Ae, *f*e, and CL_R. The primary endpoints of the Part 3 study were plasma PK parameters under fasted and fed conditions, including C_{max}, T_{max}, $t_{1/2}$, λ_z, $AUC_{0\text{-}inf}$, AUC_{last}, $\%AUC_{ex}$, CL/F, and V_z/F. The secondary endpoints of the Part 3 study were AEs, clinical laboratory tests, physical examination, vital signs, and 12-lead ECG.

The key inclusion criteria for the trial included but not limited to: a body mass index in the range between 18 kg/m^2 and 30 kg/m^2; generally healthy based on medical history, physical examination, vital signs, 12-lead ECG, and clinical laboratory tests, effective contraception method required for both male and female participants and their partners, covering the period from the screening period to 90 days after the last dose.

Trial Status. The first participant was enrolled in January 2024. The Phase 1 clinical trial was completed in July 2024.

Safety Data. Overall, ABP-745 demonstrated acceptable safety and well-tolerated profile in healthy subjects across all study parts. TEAEs were predominantly mild Grade 1 in severity, with limited Grade 2 AEs observed: one in Part 1, four in Part 2, and none in Part 3. No Grade 3 or higher TEAEs were reported in any study part. Treatment discontinuation due to AEs was minimal, occurring in only one subject in Part 2, with no AEs resulting in study discontinuations in Parts 1 or 3. Clinical laboratory assessments revealed no clinically significant abnormalities in Parts 1 and 3, with only two subjects demonstrating clinically significant laboratory findings in Part 2. All other safety parameters, including vital signs, 12-lead electrocardiograms, and physical examinations, showed no clinically significant abnormalities across all study parts.

PK Data. ABP-745 exhibits favorable PK characteristics including rapid absorption, quick attainment of steady-state, nearly no accumulation, and absence of food effects, supporting flexible dosing administration.

In Part 1 study, ABP-745 demonstrated rapid absorption following oral administration, with quantifiable plasma drug concentrations detected within 10 minutes post-dose across all dose levels. Peak concentrations occurred between 1.50-2.00 hours, followed by rapid, biphasic decline. Exposure parameters (C_{max}, AUC_{last}, $AUC_{0\text{-}inf}$) increased with ascending doses from 0.5-5 mg, though in a less than dose-proportional manner. Mean C_{max} ranged from 37.7-216 ng/mL, while $AUC_{0\text{-}inf}$ ranged from 229-1530 h*ng/mL.

In Part 2 study, multiple dosing evaluation encompassed both QD and BID regimens. Steady-state was achieved rapidly by Day 2 for both dosing frequencies. Accumulation analysis revealed that exposure to ABP-745 nearly caused no drug accumulation, with accumulation ratios approaching unity (R_{Cmax}: 0.944-1.24; $R_{AUC\tau}$: 0.966-1.35). Urinary excretion accounted

for approximately 16-23.2% of the administered dose, indicating partial renal elimination. Compared with QD dosing, BID dosing resulted in higher trough concentrations, and at steady state on Day 8, exposure increased with dose in an approximately proportional manner.

In Part 3 study, food co-administration with 4 mg ABP-745 showed no clinically significant impact on systemic exposure. Geometric mean ratios for C_{max}, AUC_{last}, and $AUC_{0\text{-}inf}$ were within the 80-125% no-effect boundaries (109.50%, 104.82%, and 105.01%, respectively). Food delayed median T_{max} by approximately 30 minutes (1.50 vs. 0.988 hours) without affecting overall bioavailability.

Clinical Development Plan

We are conducting ABP-745's Phase 2 global MRCT in the U.S., China and Australia, which are expected to be completed in the second quarter of 2026. In the U.S., we initiated a Phase 2 clinical trial, with the first patient-in achieved in September 2025. In China, we submitted the IND application to the NMPA in April 2025 to initiate a Phase 2 trial and obtained the IND approval in July 2025. We plan to initiate the Phase 2 trial in China in the third quarter of 2025. In Australia, the Phase 2 clinical trial is subject to ethics committee approval and is expected to commence in the third quarter of 2025.

We are also planning indication expansion studies for ABP-745. We plan to file IND for Phase 2 clinical trial in atherosclerosis simultaneously across the U.S., China and Australia in the fourth quarter of 2025, and expect to directly enter a Phase 2 MRCT in the first quarter of 2026. In addition, we plan to submit IND applications for Phase 2 clinical trial in certain rare diseases in the third quarter of 2026.

We had not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

Material Communications with Competent Authorities

In the U.S.

We submitted an IND application to the FDA in November 2023 for a Phase 1 clinical trial to investigate the safety, tolerability and PK of ABP-745 monotherapy in healthy participants in the U.S. (ABP-745-101). We received the IND approval from the FDA in January 2024.

We submitted the protocol for the Phase 2 trial (ABP-745-201) to the FDA in January 2025 under the same IND approval. The FDA raised certain comments primarily related to statistical analysis. We took into consideration all of such comments and revised our Phase 2 trial protocol accordingly. The FDA had no objection to our commencement of the Phase 2 clinical trial in the U.S. thereafter. We commenced a Phase 2 trial to evaluate the efficacy and safety of ABP-745 in patients with acute gout flares in the U.S., with the first patient-in achieved in September.

In China

We submitted an IND application to the NMPA in April 2025 for a Phase 2 clinical trial to evaluate efficacy and safety of ABP-745 in patients with acute gout flares and obtained the IND approval in July 2025 with no significant inquiries to the study protocol or design. This trial is expected to commence the patient enrollment the third quarter of 2025.

In Australia

We submitted the study protocol to the HREC in June 2025 for a Phase 2 clinical trial to evaluate efficacy and safety of ABP-745 in patients with acute gout flares and the HREC's review is ongoing. Following the HREC approval and CTN acknowledgment, a Phase 2 trial in Australia is expected to commence in the third quarter of 2025.

We had not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABP-745 SUCCESSFULLY.

Selected Preclinical-stage Candidates

AT6616 for AFib

AT6616 is an innovative small molecule anti-arrhythmic drug candidate, currently under development for the treatment of AFib. AFib is characterized by uncoordinated atrial electrical activation and ineffective atrial contraction. Globally, over 60 million people suffered from AFib in 2024, according to Frost & Sullivan. Metabolic disorders, including obesity, type 2 diabetes, or hyperuricemia, are linked to raised risks for AFib.

In preclinical studies, AT6616 has demonstrated superior activity compared to current standard therapies, including amiodarone and dronedarone. In rat AFib models, AT6616 showed significantly greater therapeutic activities than amiodarone and dronedarone in reducing the duration of sustained AFib after both 14 and 21 days of treatment. In rat heart failure models, AT6616 significantly improved left ventricular ejection fraction and cardiac function. AT6616 also demonstrated markedly better safety indicators compared with amiodarone in crab-eating monkey lung organoids and mouse liver organoids. AT6616 is currently undergoing further preclinical studies to support the subsequent IND application. We believe that this promising candidate represents a potential breakthrough in AFib treatment, offering patients a safer and more effective therapeutic option with an improved safety profile compared to existing therapies. We plan to submit an IND application for a Phase 1 trial in next two years.

ABP-6016 for MASH

ABP-6016, is a small molecule drug candidate designed to treat MASH, a broader form of inflammatory liver injury related to metabolic dysfunction. MASH affected approximately 400 million people worldwide in 2024, according to Frost & Sullivan.

We are conducting multiple preclinical studies to test its safety and activity profile. ABP-6016 demonstrated strong anti-fibrotic and hepatoprotective effects in both zebrafish and two independent murine MASH studies, achieving lipids, transaminases, and inflammatory/oxidative markers near those of the normal control group. It also exhibited a very wide acute safety window with a maximum tolerated dose exceeding 3 g/kg and showed no hERG inhibition, indicating low cardiovascular or acute toxicity risks. Additionally, cross-species plasma stability studies revealed adequate *in vivo* stability without rapid clearance, supporting favorable PK properties. These data position ABP-6016 as a strong candidate for further development in non-alcoholic steatohepatitis, demonstrating a compelling balance of robust activity and favorable preclinical safety profile.

ABP-6118 for CKD Associated with Hyperuricemia

ABP-6118 is a small molecule drug candidate designed as an inhibitor targeting XO for the treatment of CKD associated with hyperuricemia. According to Frost & Sullivan, hyperuricemia is considered an independent risk factor for the development and progression of CKD. In China, it affects 36.6% to 50.0% of CKD patients at different stages, with higher rates in more advanced stages. On the other hand, CKD patients are at particularly high risk for hyperuricemia due to impaired renal UA excretion, while elevated UA levels may further accelerate CKD progression, creating a detrimental cycle that worsens patient outcomes.

In hyperuricemia rat models induced by potassium oxonate, ABP-6118 at 1 mg/kg significantly reduced sUA levels, showing activities comparable to febuxostat. After three days of treatment, it continued to lower sUA at multiple post-dose time points, indicating sustained pharmacological activity. Acute toxicity studies in mice showed that ABP-6118 was well-tolerated at doses up to 350 mg/kg, indicating a favorable preliminary safety profile.

Our development strategy includes future combination therapy with ABP-671, our URAT1 inhibitor candidate, which promotes UA excretion through a complementary mechanism of action. This dual-pathway approach combining reduced UA production via XO inhibition with enhanced UA elimination via URAT1 inhibition, represents a differentiated therapeutic strategy specifically designed for the complex pathophysiology of hyperuricemia in CKD patients.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET THE ABOVE PRECLINICAL CANDIDATES SUCCESSFULLY.

RESEARCH AND DEVELOPMENT

We aspire to leverage our industry experience and established R&D capabilities to develop innovative and effective treatment options in the fields of metabolic, inflammatory, and cardiovascular diseases. As a biotechnology company driven by innovation, we place R&D at the core of our growth strategy. Our R&D efforts focus on addressing unmet medical needs through the discovery and development of safe, effective, and high-quality therapies. Leveraging a combination of in-house expertise, advanced technologies, and strategic collaborations, we are committed to accelerating the development of innovative treatments that improve patient outcomes and contribute to public health.

R&D Team

Our R&D team has strong expertise, deep understanding and broad development experience. As of the Latest Practicable Date, 27 members of our R&D team had obtained advanced degrees, including 10 members with doctorate degrees and 17 members with master's degrees. Our R&D team is led by a team of world-class scientists with years of drug development experience.

The following table sets forth the identities, positions, expertise of our core R&D personnel as of the Latest Practicable Date and their involvement and contributions to the R&D activities, including with regard to our Core Product, up to the same date. We had not experienced any material difficulties in our R&D activities, including the research and development of our Core Product, due to the change of R&D personnel.

Identity	Position	Expertise	Involvement and contributions to the R&D activities, including with regard to our Core Product	Time of joining our Group
Dr. Shi	Chief Executive Officer	Medicinal chemistry	Dr. Shi leads our R&D strategy, leveraging over 30 years of international drug development experience. He has led and driven the drug design and development of ABP-671, ABP-745 and all other pipelines, ensuring their global competitiveness with superior efficacy and safety.	March 2012
Dr. Ullrich Schwertschlag .	Senior vice president of Clinical Medical Department	Clinical medical	Dr. Ullrich oversees the clinical trial design and serves as the medical lead for the global clinical development of ABP-671 outside of China and the Phase 1 and Phase 2 studies of ABP-745 overseas.	March 2021

Identity	Position	Expertise	Involvement and contributions to the R&D activities, including with regard to our Core Product	Time of joining our Group
Min Fang (房敏).	Vice president of Clinical Development in China	Clinical management	Ms. Fang is responsible for the Phase 2b/3 clinical trial of ABP-671 in China and leads the global clinical trials of ABP-671 for CKD. She is also in charge of the China portion of the ABP-745 clinical trial for acute gout and leads the initiation of the global phase 2 clinical trial of ABP-745 for atherosclerosis.	July 2025
Dr. Huailiang Wu (吴淮亮)	Scientist of CMC Department	Pharmaceutical formulation development	Dr. Wu is dedicated to the development of next generation special formulations of ABP-671 and ABP-745. He has played an important role in formulation design and optimization, aiming to enhance product performance and address unmet medical needs, and provides strong support for the development of next generation formulations of our Core Product.	October 2024
Dr. Yu Wang (王鈺).	Director of Business Development	Market research and project launch support	Dr. Wang supports market research and assists in exploring potential opportunities for expanded indications of products such as ABP-671 and ABP-745, including feasibility studies, collaboration discussions, and licensing possibilities.	June 2025
Xin Li (李欣). . .	Director of CMC Department	CMC development	Mr. Li is responsible for the CMC strategy of projects such as ABP-671 and ABP-745, covering process development from clinical development through to commercial manufacturing, including the full scope of API and formulation production.	December 2023

Identity	Position	Expertise	Involvement and contributions to the R&D activities, including with regard to our Core Product	Time of joining our Group
Yan Yang (楊艷)	Director of the Biology Department	Biology and regulatory affairs	Ms. Yang manages the biological research and regulatory affairs of ABP-671, ABP-745, and other pipeline products. Her expertise in regulatory submissions and project management is critical to the successful advancement of these programs.	March 2016
Changjin Fu (傅長金)	Director of the Chemistry Department	Chemistry	Mr. Fu contributes to project initiation support and drug discovery, and is responsible for drug synthesis and process optimization. He has played a pivotal role in the R&D of ABP-671, ABP-745, and other products. His expertise ensures efficient operations and innovative solutions that advance our R&D efforts.	May 2012
Zhongtian Liu (劉中天)	Deputy Director of Biology Department	Biology	Mr. Liu is responsible for biological research and nonclinical development of ABP-671, ABP-745, and other pipeline projects, including the evaluation of new indications and mechanism studies supporting for clinical development.	March 2023

In 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded research and development expenses of RMB176.5 million, RMB338.1 million, RMB162.3 million and RMB73.8 million, respectively, with research and development expenses of RMB155.1 million, RMB283.5 million, RMB135.8 million and RMB63.1 million attributable to our Core Product, respectively, representing 87.9%, 83.9%, 83.7% and 85.5% of our total research and development expenses in the corresponding year/period. The decrease in research and development expenses for ABP-671 in the six months ended June 30, 2025, compared to the corresponding period in 2024, was consistent with the progression of its clinical development. As we continue to advance the Phase 2b/3 clinical trial, we expect to continue incurring significant research and development expenses related to ABP-671. For details, see "Financial Information — Description of Selected Components of The Consolidated Statements of Loss and Other Comprehensive Expenses — Research and Development Expenses." We anticipate continuing to significantly invest in our R&D efforts, since we plan to expand the indications and continue the clinical development of our Core Product, advance more pipeline candidates along clinical trials and conduct additional preclinical studies.

Scientific Advisory Board

We have built strong relationships with renowned industry experts. We engage our scientific advisory board of distinguished scientists to advise on our research strategy and clinical development plan. Our scientific advisory board is led by Dr. N. Lawrence Edwards, Dr. Robert Terkeltaub, Dr. Kenneth G. Saag and Dr. Matthew J. Budoff.

Dr. N. Lawrence Edwards is a world-renowned expert in clinical rheumatology with over 40 years of experience in academic medicine and translational research. He is currently Professor of Medicine at the University of Florida. Dr. Edwards is the Chairman and CEO of the Gout and Uric Acid Education Society, and has been a leading voice in the field of gout and hyperuricemia. Dr. Edwards has authored over 150 peer-reviewed publications and book chapters, and has contributed to international consensus guidelines including those by the American College of Rheumatology and EULAR. He is a Master of both the American College of Physicians and the American College of Rheumatology.

Dr. Robert Terkeltaub is a worth authority in gout, crystal arthropathy, and pathologic calcification in cartilage and arteries, with over 40 years of experience in academic medicine and translational research. He is currently Professor of Medicine Emeritus at the University of California, San Diego, Division of Rheumatology, Autoimmunity, and Inflammation, and former Division Chief and VA Section Chief. Dr. Terkeltaub has authored over 350 peer-reviewed publications and book chapters. His publication H-index is 102, D-Index 99 (research.com), over 33,500 citations and for published research in gout, in recent years in the top 0.1% of authors worldwide on ExpertScape (expertscape.com/ex/gout). He has served as Co-Editor of Arthritis & Rheumatology, is founding President of the Gout, Hyperuricemia and Crystal-Associated Disease Network (G-CAN), G-CAN Gold Medal awardee, and led the seminal ACR guidelines projects for management of gout and hyperuricemia. His broadly funded research portfolio has uncovered key molecular mechanisms of gout, inflammation, cartilage calcification, and arterial biology.

Dr. Kenneth G. Saag is a leading expert in gout, osteoporosis and musculoskeletal outcomes research, with over 30 years of experience in academic medicine, epidemiology, and clinical trials. He currently serves as the Waters Endowed Chair and Director of the Division of Clinical Immunology and Rheumatology at the University of Alabama at Birmingham (UAB), where he is also Directs the Comprehensive Arthritis, Bone, and Autoimmunity Center (CAMBAC). Dr. Saag has led numerous NIH- and AHRQ-funded studies on gout and osteoporosis, and is the founding Director of the UAB Center of Research Translation (CoRT) in Gout and Hyperuricemia. He has served as Chair of the ACR Quality of Care Committee and is Past President of the American College of Rheumatology. He has authored over 400 peer-reviewed publications and played a key role in the development of ACR treatment guidelines. Dr. Saag is a Fellow of both the American College of Physicians and a Master of the American College of Rheumatology, and has received the ACR Excellence in Investigative Mentoring Award and election to the Association of American Physicians.

Dr. Matthew J. Budoff is a globally recognized expert in preventive cardiology, cardiac imaging, and atherosclerosis, with over 30 years of experience in academic medicine and clinical research. He is Professor of Medicine at the David Geffen School of Medicine at UCLA and holds the Endowed Chair of Preventive Cardiology at Harbor-UCLA Medical Center, where he also directs the Cardiac CT program. Dr. Budoff has led numerous NIH-funded studies, including long-standing leadership in the Multi-Ethnic Study of Atherosclerosis (MESA), and has authored more than 1,000 peer-reviewed publications. He has served as President of the Society of Cardiovascular Computed Tomography and has been a key contributor to national and international guidelines on cardiovascular imaging and prevention. Dr. Budoff has been repeatedly named a Highly Cited Researcher, is recognized among the world's top 2% of scientists, and has received major awards including the SCCT Gold Medal and Arthur S. Agatston Cardiovascular Disease Prevention Award.

With the deep relationships we have built, Dr. N. Lawrence Edwards, Dr. Robert Terkeltaub, Dr. Kenneth G. Saag. and Dr. Matthew J. Budoff of our scientific advisory board have shared years of knowledge and insights that have been instrumental in our pipeline R&D, clinical development and global collaboration.

Drug Discovery

Our drug discovery team is led by experienced personnel and assisted by external specialists. The team covers chemical synthesis, pharmacology, drug efficacy studies, pharmacokinetics, and toxicology. The team is responsible for the design, synthesis, and optimization of drug candidates, as well as conducting comprehensive preclinical evaluations to ensure the safety and effectiveness of our compounds. Their collective expertise supports critical aspects of our R&D process, from early-stage discovery through preclinical studies, providing a solid foundation for advancing our pipeline of innovative therapies.

We have established and leveraged a proven, integrated research and development drug discovery and development system spanning target evaluation, molecular discovery and optimization, translational science and clinical development. Our technological capabilities include discovery of original molecular structures and new molecular entities, investigation of molecular process routes and quality standards, as well as exploration of clinical drug combination development paths. These research and development capabilities organically constitute our drug development framework, which enables us to efficiently advance pipeline programs through different developmental stages.

Clinical Development

Clinical Development Team

Our clinical development team consists of scientists and physicians with strong drug development experience, who participate in clinical development strategy development, clinical trial protocol design, clinical trial operation organization, drug safety monitoring, and clinical trial quality control. Many of our clinical development team members had extensive relevant work experience. Among our clinical development team members, approximately 60% have obtained post-graduate degrees. Our clinical development team is generally responsible for the clinical development of our Core Product and other pipeline products.

Clinical Trial Design and Implementation

Our clinical development team manages all stages of clinical trials, from protocol design to overseeing the operations and conduct of clinical trials. Our rapid trial advancements are driven by (i) our strategic decision to initiate clinical phase trials based on preclinical results that are assessed as promising, (ii) optimized trial design, enabled by our rigorous quantitative analysis of integrated data, and whole-process oversight, and (iii) long-term partnership with various hospitals and principal investigators from different regions to achieve smooth execution.

Our clinical development team is also responsible for the selection of trial sites. Our site selection criteria include the site's overall experience, understanding of the disease state, access to relevant experts and patients, geographical coverage, regulatory and quality management, range of services, staff proficiency, and technology. We have collaborated with numerous hospitals and PIs located in China, the U.S. and Australia that can support our clinical trials of different indications, at different stages and in different jurisdictions. We believe the size and geographic diversity of these facilities provide us with an advantage in implementing large-scale clinical trials in and out of China and also enable us to conduct multiple clinical trials concurrently. With the support of our partner hospitals, we are capable of recruiting participants from specific populations for trials that would otherwise be difficult to fulfill enrollment.

In 2023, 2024 and the six months ended June 30, 2025, we cooperated with 82, 82 and 171 PIs, respectively, to conduct the clinical trials of our product candidates. The number of PIs that we collaborated increased significantly in the six months ended June 30, 2025, primarily due to the advancement of the clinical trials of our Core Product ABP-671 and key product ABP-745. To the best of our Company's knowledge, none of them have any past or present relationships with our Group, our Directors, shareholders, senior management or any of their respective associates. The PIs are responsible for conducting site-level clinical research activities according to our trial protocols and in accordance with laws, regulations, and the GCP Guideline, a quality standard for the overall conduct of the clinical trial. Each trial has a leading PI with primary responsibility to ensure compliance with trial protocol and good clinical practice over the entire trial.

Relationship with CROs

We collaborate with CROs to conduct and support our preclinical and clinical trials in line with industry practice. During the Track Record Period, we have cooperated with over 30 CROs. We select our CROs by weighing various factors. Upon business engagement, we assess CROs based on their business focus, capabilities and overall market recognition. Secondly, we also value the R&D capabilities of the CROs and the management skills of their leaders based on their experience and previous track record. Overall, we aim to select CROs that have optimal compatibility with our preclinical and clinical development programs. When collaborating with CROs on a given project, our internal project team takes a comprehensive approach to manage such project and closely monitors the progress, engages in regular

communication with the CRO teams to understand project milestones, identify potential risks, and ensure the project deliverables. Simultaneously, the project/trial leader maintains close contact with the financial departments of both our Company and the CRO organization, implementing stringent financial controls at different stages of the project to ensure its timely and quality completion. Upon project completion, we will conduct a thorough review and provides feedback to enhance the efficiency of future collaborations with the CRO organizations.

In terms of the involvement and contributions of each of the major CROs to the development of our product candidates, the preclinical CROs mainly provide us with services related to preclinical pharmacology and pharmacodynamics, ADME and safety evaluations, such as animal studies, of our product candidates in accordance with agreed study design and under our supervision. The clinical CROs provide us with an array of services necessary for complex clinical trials in accordance with agreed trial design and under our supervision, including trial preparation, trial management, clinical safety management, data management, and report preparation. We choose to engage a CRO based on the complexity and workload of a specific trial. We closely monitor the work of our CROs and provide specific directions to ensure the quality and efficiency of the trial execution. This approach allows us to leverage the experience of our in-house team to better focus on critical clinical trial elements, such as trial design, data analysis and decision-making. All studies of our product candidates on humans are conducted in compliance with the applicable laws, regulations and in line with the industry standards. We believe our ability to conduct and work closely with CROs to conduct preclinical studies and clinical trials helps us to shorten the time required for product development as well as generate the requisite data in a reliable and efficient way.

We mainly determine the service fees paid to the CROs in accordance with market prices of similar services, the number of enrolled patients, the duration of the clinical trials, and the quality and contents of the services provided.

Key terms of our agreements that we typically enter into with our CROs are set forth below.

- ***Services.*** The CROs provide us with ancillary services in the course of our preclinical studies and clinical trials with details specified in each work order, such as assisting with clinical studies, providing clinical support, record keeping and report preparation.

- ***Term.*** The CROs are required to perform their services within the prescribed time limit set out in each work order, usually on a project basis.

- ***Payments.*** We are required to make payments to the CROs in accordance with a payment schedule agreed by the parties.

- ***Intellectual property rights.*** We generally own the intellectual property rights arising from the projects conducted by the CROs within the stipulated work scope.

Regulatory Affairs

Our regulatory affairs team is responsible for the regulatory process of our product candidates, including assembling application dossiers for IND and NDA, addressing inquiries from relevant authorities and monitoring our R&D projects to ensure their compliance with relevant regulations. Our regulatory affairs team manages the regulatory submission process for our product candidates, which requires filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. The regulatory affairs team prepares and manages regulatory filings by coordinating filing dossiers drafting, addressing regulatory questions and conducting CMC and GMP readiness assessments for our product candidates. We possess extensive knowledge and experience with regard to regulatory filings in China and overseas. With our presence and expertise in China and overseas jurisdictions, we can design our clinical trials to maximize operational efficiency.

CHEMISTRY, MANUFACTURING & CONTROLS

CMC Team

Our chemistry, manufacturing & controls ("**CMC**") team consists of professionals with extensive experience in process development, production and quality management from well-known biopharmaceutical and pharmaceutical companies. Our CMC team members have on average approximately ten years' experience. Our CMC team specialized in preclinical and clinical support throughout the drug development process. The CMC function in our Company plays a critical role in drug development. It is responsible for developing safe, robust, and economically sound production processes for our drug substances and drug products, and ensuring their quality meets regulatory requirements.

We have established integrated CMC capabilities that covers key aspects from the design of synthetic routes for preclinical candidates to process development and quality control in clinical development. We have in-depth expertise in areas including small molecule production process development, dosage form selection, formulation determination, formulation production process development, drug quality control strategies, development and validation of quality control methodologies, non-GMP kilogram-scale pilot production, and NDA-stage process validation.

Our CMC functions facilitate a smooth drug development and enables cost control. In particular, we develop suitable process and ensure quality control according to applicable drug registration regulations at early stages of product development. This strategy enables us to avoid detours in subsequent development stage resulted from CMC issues that could have been addressed earlier in the process, therefore may improve the overall efficiency of our research and development efforts. In addition, our notable CMC process development capabilities allow us to device efficient synthetic routes and establish measures to ensure consistent and reliable production, thereby contribute to cost control and efficient use of resources.

Collaboration with CDMO Partners

As of the Latest Practicable Date, we did not have beyond-lab-scale/commercialization-scale manufacturing facility. We collaborate with well-known international CDMO partners (including CMOs) to conduct and support our preclinical and clinical trials in line with industry practice. In terms of the involvement and contributions of each of the major CDMO partners (including CMOs) to the development of our product candidates, we collaborate with our CDMO partners to manufacture certain raw materials and drug substances, such as the active pharmaceutical ingredients ("**APIs**") of our product candidates to supply for preclinical studies and clinical trials. During the Track Record Period, we have cooperated with five CDMO partners.

We did not experience any material product quality issues in respect of the products manufactured by our CDMO partners during the Track Record Period. Under our agreement with our CDMO partners, the CDMO partners are required to perform their services according to the prescribed time frame as set out in the agreement. Usually, we pay the CDMO partners in installments, with a specified credit period. Our CDMO partners are responsible for manufacturing our required products in accordance with certain product specifications, in compliance with cGMP requirements (where applicable), our quality standards and other applicable laws and regulations. We retain all the intellectual property rights and grant our CDMO partners the right to use our intellectual property rights for such manufacturing and packaging activities during the contract period. We are entitled to inspect and audit our CDMO partner's manufacturing process. We mainly determine the service fees paid to the CDMO partners in accordance with market prices of similar services, the number of products manufactured, and the quality and contents of the services provided. We do not share our IPs, know-hows and trade secrets with CDMO partners.

Key terms of our agreements that we typically enter into with our CDMO partners are set forth below.

- ***Services.*** The CDMO partners provide services to support our preclinical CMC development, including process optimization, formulation studies, analytical method development and preparation of regulatory CMC documentation.

- ***Quality control and inspections.*** We are entitled to conduct on-site audits and regular inspections to ensure compliance of our CDMO partners with the relevant current good manufacturing practice ("**cGMP**") and regulatory requirements.

- ***Payments.*** We typically pay based on predefined development milestones, which are tied to specific deliverables such as completion of process characterization studies, formulation reports, or IND-enabling analytical data.

- ***Intellectual property rights.*** We own all intellectual property rights relating to s generated in the course of the services related to our product candidates.

- ***Remedies for non-conforming deliverables.*** We are entitled to remedies for deliverables that fail to conform to our specifications. The CDMO partners are required to correct or re-perform the relevant services at their own cost and compensate us for any direct losses resulting from the non-conformity or delays.

COMMERCIALIZATION

During the Track Record Period and as of the Latest Practicable Date, we did not have any commercialized product. Our Core Product is positioned as one of the earliest domestically developed URAT1 inhibitor for the treatment of gout, according to Frost & Sullivan, upon obtaining the marketing approval from the NMPA. We have entered into a commercialization arrangement with CMS, a platform company linking pharmaceutical innovation and commercialization with strong product lifecycle management capability, for the future commercialization of ABP-671 for the treatment of gout and hyperuricemia in Mainland China, Hong Kong, and Macau (the "**Territory**"). CMS will be exclusively responsible for ABP-671's commercialization in the Territory, and we will retain all research, development and manufacturing rights, as well as commercialization rights outside of the Territory. For additional information, see "— Commercialization Arrangement with CMS on ABP-671" below.

To lay a solid foundation for our future marketing and commercialization efforts, we plan to actively engage in academic promotions and industry seminars to familiarize market participants, such as physicians and PIs of clinical trials, regarding the potential advantages of our pipeline products. We believe such efforts would also help us gain a favorable brand image and name recognition, which may contribute to maximizing the commercial value of our product portfolio. We intend to closely monitor the updates in the industry and formulate concrete commercialization plans when we advance our pipeline programs closer to the NDA submission stage. We will continue to assess and select an appropriate commercialization model and may establish an in-house marketing and commercialization team or seek external collaborations, including engaging third-party contract sales organizations, if we deem it to serve our best interest.

Commercialization Arrangement with CMS on ABP-671

Background

In December 2024, we, as the expected Marketing Authorization Holder ("**MAH**") of our Core Product ABP-671, entered into a collaboration agreement with CMS through its subsidiary (the "ABP-671 Commercialization Agreement"), pursuant to which we have granted CMS the exclusive right to commercialize ABP-671 in the Territory for the treatment of gout and hyperuricemia. Under the collaboration, CMS is entitled to a tiered percentage of net sales of ABP-671 as its commercialization compensation.

Obligations and Responsibilities

CMS is granted the exclusive right to commercialize the ABP-671 product for the treatment of gout and hyperuricemia within the Territory during the term of ABP-671 Commercialization Agreement. Both parties agree on the annual performance targets. CMS is solely responsible for marketing, promotion, distribution, and sales of ABP-671 in the Territory. All customer inquiries shall be directed to CMS. CMS shall not take or omit any action that could reasonably be expected to have a materially adverse affect on the product, conduct off-label use or promotional activities for target product in a non-compliant manner., or engage in any illegal or improper activities in connection with the ABP-671 Commercialization Agreement.

CMS is entitled to sub-license or sub-contract its commercialization rights to third parties with prior written notice to us, provided that such delegation does not affect CMS's obligations and liabilities under the ABP-671 Commercialization Agreement. CMS shall bear joint liability for the actions of its sub-licensees.

We retain all rights outside the Territory, including rights to manufacture, improve, and develop the product, as well as intellectual property rights not expressly granted under the ABP-671 Commercialization Agreement.

Intellectual Property

Under the ABP-671 Commercialization Agreement, we retain full ownership of all intellectual property rights related to the ABP-671 product, including patents, know-how, data and proprietary materials, except for the trademark rights. CMS is granted the right to use such intellectual property rights solely for the purpose of the ABP-671 Commercialization Agreement.

Trademark rights for ABP-671 product are jointly owned by us and CMS. Both parties may jointly apply for trademark registration and share the associated costs and rights. The trademarks may only be used for the promotion and sale and not for any other purpose.

Payments

Under the ABP-671 Commercialization Agreement, we are entitled to receive an upfront payment and development and commercialization related milestone payments in an aggregate amount exceeding RMB100 million. As of the Latest Practicable Date, we had received an upfront payment of several tens of millions in Renminbi. CMS is entitled to marketing service fees calculated as a percentage of the net sales of ABP-671 in the Territory.

Joint Steering Committee

The parties agreed to establish a joint steering committee ("**JSC**"), comprising three representatives from each party. The JSC serves as a platform for communication and coordination, meeting regularly to supervise the implementation of the agreement and discuss matters relating to product development and commercialization in the Territory. The JSC has no authority to override or violate the agreement and unresolved matters may be escalated to senior management of both parties.

Dispute Resolution

The ABP-671 Commercialization Agreement is governed by the laws of the People's Republic of China. Any dispute arising out of or in connection with the agreement, including its validity, existence, performance or termination, shall be submitted to arbitration at the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) in accordance with its effective rules.

Term

The ABP-671 Commercialization Agreement has an initial term from the effective date of the ABP-671 Commercialization Agreement until the tenth anniversary of the date the product obtains marketing approval in the Territory. The term will automatically renew for an additional 10 years if the condition met as agreed in the ABP-671 Commercialization Agreement.

INTELLECTUAL PROPERTY

Intellectual property rights are pivotal to the success of our business. Our commercial future will depend, in part, on our ability to acquire and protect our intellectual property rights for commercially significant technologies, inventions and know-how. This includes acquisition of new patents, defense of existing patents, and protection of our trade secrets. We will also have to operate without infringing, misappropriating, or otherwise violating third parties' valid, enforceable intellectual property rights.

As of the Latest Practicable Date, we had 168 granted patents, including 20 granted patents in China, eight granted patents in the United States, and 140 granted patents in other countries or regions, and we had 85 patent applications. With respect to the Core Product ABP-671, we had 123 granted patents and 33 patent applications as of the same date. As of the Latest Practicable Date, we had not received any material concerns or inquiries from relevant competent authorities that would lead us to believe that any of the pending patent applications will be rejected. The following table sets forth an overview of our material granted patents and filed patent applications in connection with our Core Product as of the Latest Practicable Date. For details, see "Appendix VI — Statutory and General Information — B. Further Information about Our Business."

Product	Name of Patent/ Patent Application[1]	Jurisdiction	Status	Patent Holder/ Applicant	Expiration Date[2]
ABP-671	Compound for treating or preventing hyperuricemia or gout (一類用於治療或預防高尿酸血症或痛風的化合物)	Mainland China	Granted	Hangzhou Atom	2036-09-08
		Taiwan			2036-09-29
		the U.S./Japan/Singapore/ New Zealand/Australia/ EU/Korea/Mexico/ Brazil/Canada/Israel/ Malaysia/Vietnam/ South Africa			2036-09-07
ABP-671	Synthesis Method of 3-Bromo-5-(2-ethylimidazo[1, 2-a]pyridine-3-carbonyl)-2-hydroxybenzonitrile (3-溴-5-(2-乙基咪唑并[1,2-a]吡啶-3-羰基)-2-羟基苯甲腈的合成方法)	Mainland China	Granted	Hangzhou Atom	2040-01-14
		Macau			2040-01-14
		Taiwan			2040-01-16
		Hong Kong			2040-01-17
		United States			2042-06-06
		Japan/EU/India/Korea			2040-01-17

Product	Name of Patent/ Patent Application[1]	Jurisdiction	Status	Patent Holder/ Applicant	Expiration Date[2]
ABP-671	Solid forms of a compound for treating or preventing hyperuricemia or gout (用於治療或預防高尿酸血症或痛風的化合物的固體晶型)	Mainland China/ Hong Kong/Macau/ the U.S./Australia/ New Zealand/EU/ Korea/Japan/Taiwan	Mainland China/ Hong Kong/Macau/ the U.S./Australia/ New Zealand/EU/ Korea/Japan: Filed; Taiwan: Granted	Hangzhou Atom	Mainland China/ Hong Kong/Macau/ the U.S./Australia/ New Zealand/ EU/ Korea/Japan: N/A; Taiwan: 2043-11-16

Notes:

(1) Unless otherwise indicated, the patent for applications within the same family is the same and is therefore disclosed once.

(2) The patent expiration date is estimated based on current filing status, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned, or in-licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and the methods of manufacturing the same.

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our product candidates. We seek to protect our proprietary product candidates and processes, in part, by entering into confidentiality agreements with consultants, scientific advisors and contractors, and invention assignment agreements with our employees. We have entered into confidentiality agreements with our senior management and key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we used to employ each of our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

These agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secret and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. Please see "Risk Factors — Risks Relating to Intellectual Property Rights" in this Document for a description of risks related to our intellectual property.

We conduct our business under the brand name of "Atom Therapeutics" or "新元素藥業." As of the Latest Practicable Date, we held ten registered trademarks in Mainland China. We are also the owner of 66 domain names.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not involved in any legal, arbitral or administrative proceedings in respect of, and we had not received notice of any material claims of infringement, misappropriation or other violations of, third-party intellectual property; and (ii) we were not involved in any proceedings in respect of any intellectual property rights that may be threatened or pending and that may have an influence on the research and development for any of our product candidates, save for an ongoing legal proceeding in which we act as the plaintiff seeking remedies against a third party for misappropriation of our trade secrets. For details, see "Risk Factors — Risks Relating to Intellectual Property Rights — If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed."

A freedom-to-operate analysis ("**FTO Analysis**") has been conducted in China and the U.S. in relation to our Core Product. Based on the analysis by our legal advisor as to the intellectual property laws, with the support of the FTO Analysis, we have not identified or are aware of any foreseeable material risk of infringement by our Core Product against patents or patent application of other major market players in China or in the U.S.

OUR SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of CROs, CDMO partners and raw materials providers and we did not experience any material disputes with our suppliers. In addition, we believe that adequate alternative sources for such supplies exist, and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. We generally have credit periods of 30 days. For details regarding collaboration with CROs and CDMO partners, see "— Research and Development — Clinical Development — Relationship with CROs" and "— Chemistry, Manufacturing & Controls — Collaboration with CDMO Partners."

In each year/period during the Track Record Period, our purchases from our five largest suppliers in each year/period in aggregate amounted to RMB146.2 million, RMB287.7 million and RMB54.6 million, representing 86.0%, 87.5% and 77.9% of our total corresponding purchases in such year/period, respectively, and our purchases from the largest supplier in each year/period during the Track Record Period, which is a CRO headquartered in the U.S. we engaged for the conduct of our U.S. clinical trials, accounted for 44.6%, 56.8% and 54.7% of our total corresponding purchases, respectively. We consider our arrangements with suppliers to be conducted in the ordinary course of business and have not experienced any material adverse impact arising from such arrangements. For details, please see "Risk Factors — Risks Relating to Dependence on Third Parties — We relied on a limited number of suppliers and were dependent on our largest supplier during the Track Record Period."

The following table sets forth details of our five largest suppliers during the Track Record Period.

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousand)	
For the six months ended June 30, 2025						
Supplier A	An integrated biopharmaceutical solutions provider offering CRO, medical affairs, consulting, and commercialization services. Headquartered in North Carolina, USA. It is currently a privately held company.	CRO services	30 business days	July 2022	38,388.9	54.7%
Supplier B	Headquartered in China and offers an integrated global CRDMO platform for the pharmaceutical and life sciences industries. It is dual listed with A-shares traded on the Shenzhen Stock Exchange and H-shares traded on the HKEx.	CRO and CDMO services	30 business days	April 2021	5,607.4	8.0%
Supplier C	An integrated clinical research organization providing comprehensive services including clinical trial management, monitoring, biostatistics, and data management. Headquartered in Firle, South Australia.	CRO services	30 business days	February 2024	5,564.3	7.9%

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousand)	
Supplier D	A drug distribution wholesaler and clinical trial supply company, providing a one-stop service for clinical research including drug depot services, comparator sourcing, and import/export logistics. Headquartered in New Jersey, USA, it is a privately held company.	CRO services	10 business days	June 2023	2,543.7	3.6%
Supplier E	Headquartered in China, provides integrated R&D services including drug discovery, preclinical, and manufacturing support. It is dual listed with A-shares traded on the Shenzhen Stock Exchange and H-shares traded on the HKEx.	CRO services	10 business days	May 2017	2,539.8	3.6%
Total					**54,644.1**	**77.9%**

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousand)	
For the year ended December 31, 2024						
Supplier A	An integrated biopharmaceutical solutions provider offering CRO, medical affairs, consulting, and commercialization services. Headquartered in North Carolina, USA. It is currently a privately held company.	CRO services	30 business days	July 2022	186,799.0	56.8%
Supplier F	A full-service global CRO specializing in preclinical work through Phase I-IV clinical development, bioanalytical services, and real-world evidence. It is a privately held company.	CRO services	30 days	December 2023	33,642.5	10.2%
Supplier D	A drug distribution wholesaler and clinical trial supply company, providing a one-stop service for clinical research including drug depot services, comparator sourcing, and import/export logistics. Headquartered in New Jersey, USA, it is a privately held company.	CRO services	10 business days	June 2023	29,702.3	9.0%

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousand)	
Supplier B	Headquartered in China and offers an integrated global CRDMO platform for the pharmaceutical and life sciences industries. It is dual listed with A-shares traded on the Shenzhen Stock Exchange and H-shares traded on the HKEx.	CRO and CDMO services	30 business days	April 2021	21,155.9	6.4%
Supplier G	Operated as a part of a global CRO and with an extensive clinical trial network in China, it is engaged in drug development and clinical research services and provides full-service clinical trial solutions and post-marketing studies. It is headquartered in Beijing and a privately held company.	CRO services	30 days	November 2023	16,416.2	5.0%
Total					**287,715.9**	**87.5%**

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousand)	
For the year ended December 31, 2023						
Supplier A	An integrated biopharmaceutical solutions provider offering CRO, medical affairs, consulting, and commercialization services. Headquartered in North Carolina, USA. It is currently a privately held company.	CRO services	30 business days	July 2022	75,882.2	44.6%
Supplier D	A drug distribution wholesaler and clinical trial supply company, providing a one-stop service for clinical research including drug depot services, comparator sourcing, and import/export logistics. Headquartered in New Jersey, USA, it is a privately held company.	CRO services	10 business days	June 2023	30,251.1	17.8%
Supplier B	Headquartered in China and offers an integrated global CRDMO platform for the pharmaceutical and life sciences industries. It is dual listed with A-shares traded on the Shenzhen Stock Exchange and H-shares traded on the HKEx.	CRO and CDMO services	30 business days	April 2021	23,571.5	13.9%

Supplier	Background	Major Purchases	Credit Terms	Commencement of Business Relationship (Since)	Purchase Amount	% of Total Purchases for the Period
					(RMB in thousand)	
Supplier E	Headquartered in China, provides integrated R&D services including drug discovery, preclinical, and manufacturing support. It is dual listed with A-shares traded on the Shenzhen Stock Exchange and H-shares traded on the HKEx.	CRO services	10 business days	May 2017	11,533.3	6.8%
Supplier G	Operated as a part of a global CRO and with an extensive clinical trial network in China, it is engaged in drug development and clinical research services and provides full-service clinical trial solutions and post-marketing studies. It is headquartered in Beijing and a privately held company.	CRO services	30 days	November 2023	5,009.8	2.9%
Total					**146,247.9**	**86.0%**

None of our Directors, their respective associates or any Shareholders who, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers for each year/period during the Track Record Period.

COMPETITION

The pharmaceutical and biotechnology industries are characterized by rapidly advancing technologies, competition and a strong emphasis on proprietary drugs. While we believe our pipeline of clinical and preclinical stage proprietary assets, leading R&D capability, technology platforms and seasoned management team provide us with competitive advantages,

we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing drugs and new drugs that may become available in the future.

We focus on leveraging our industry experience and established R&D capabilities for the in-house discovery and development of differentiated therapeutics in the fields of metabolic, autoimmune and inflammatory diseases. We face fierce competition from existing products and product candidates under development in the market. See "Industry Overview" for more details on the competitive landscape of the various markets in which we compete. We face uncertainties in clinical trial development which are subject to a variety of factors, including satisfactory safety and efficacy results from clinical trials, successful enrollment of patients, and performance of CROs and other parties involved in clinical trial development and others.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies include coverage for AEs arising from clinical trials, personal accident insurance for our employees, and directors and officers liability insurance. We currently do not maintain insurance for environmental liability or property loss. Please refer to "Risk Factors — Risks Relating to our Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources."

We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period, we had not made or been the subject of any material insurance claims.

EMPLOYEES

As of the Latest Practicable Date, we had 60 employees in total, a majority of whom were based in Mainland China. As of the same date, 18 employees were based overseas and were primarily responsible for CMC, clinical development, and business development. The following table sets forth the number of our employees categorized by function as of the Latest Practicable Date.

Functions	Number of employees by function	Percentage
Research and Development	51	85.0%
Business Strategy and Corporate Development	6	10.0%
Management	3	5.0%
Total	**60**	**100.0%**

We enter into individual employment contracts with our employees covering salaries, bonuses, employee benefits, workplace safety, confidentiality and non-competition, work product assignment clause and grounds for termination.

To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs, including internal training, to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses and share-based payment, particularly our key employees.

We did not have an established labor union as of the Latest Practicable Date. We believe that we maintain good working relationships with our employees, and we had not experienced any material labor disputes or any difficulty in recruiting qualified staff for our operations during the Track Record Period and as of the Latest Practicable Date.

Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions, and other welfare payments. We have made contributions to our employees' social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds pursuant to applicable laws and regulations. We have complied with all statutory social security insurance fund and housing fund obligations applicable to us under the laws and regulations in China in all material aspects during the Track Record Period and as of the Latest Practicable Date, except that we did not make full social security insurance contributions for certain employees who are not PRC citizens.

PROPERTIES

As of the Latest Practicable Date, we did not own any real property. As of the same date, we leased three properties, all located in Mainland China, with an aggregate GFA of approximately 1,485 square meters. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs.

The following table sets forth the details of our leased properties as of the Latest Practicable Date:

Usage	Location	GFA	Expiry Date
		(sq.m)	
Office	Room 201-1, Building 10, Yinhai Innovation & Technology Center, Xiasha Subdistrict, Qiantang District, Hangzhou, Zhejiang Province, China	217.55	February 28, 2027
Office, Research and Development	Unit 401, Building C31, Phase I Biopharmaceutical Industrial Park, Suzhou Industrial Park, Suzhou, Jiangsu Province, China	1,147.00	November 9, 2026
Office	Room 410, Building 30, No. 99 Dingmao Jing-15 Road, Zhenjiang New Area, Zhenjiang, Jiangsu Province, China	120.00	January 31, 2026

As of the Latest Practicable Date, no single property interest that formed part of non-property activities had a carrying amount of 15%, and no single property interest that formed part of property activities had a carrying amount of 1%, of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to our Group's interests in land or buildings.

PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, our PRC Legal Advisors confirmed that we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations and such licenses, permits and certifications all remain in full effect. For more details regarding the laws and regulations to which we are subject, see "Regulatory Overview" in this Document. We had not experienced any material difficulty in renewing such licenses, permits, approvals and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that our continued growth depends on the integration of social values into our business strategy. We are committed to delivering reliable treatments and therapies that not only improve patient outcomes but also contribute to a healthier, more sustainable world. We recognize that corporate social responsibility is not only a fundamental obligation but also a key driver of long-term success. Accordingly, we have embedded environmental, social, and governance ("**ESG**") considerations into our corporate governance framework and day-to-day operations. We will comply with the ESG reporting requirements after the [**REDACTED**] and the responsibility to publish ESG report on an annual basis in accordance with Appendix C2 to the Listing Rules. We will focus on each of the areas as specified in Appendix C2 to the Listing Rules to analyze and disclose important ESG matters, risk management and the accomplishment of performance objectives, particularly those environmental and social issues that could have a material impact on the sustainability of our operations and that are of interest to our Shareholders.

ESG Governance

We have established a robust ESG governance structure to guide our efforts in environmental stewardship, social responsibility, and corporate governance. We are committed to strengthening our ESG oversight mechanisms by thoroughly integrating environmental, social, and governance factors into our business operations and ensuring compliance with relevant environmental protection laws and regulations. Recognizing the risks and opportunities associated with ESG, we are dedicated to identifying and addressing these factors through environmental impact assessments and management. We are exploring various measures to mitigate ESG-related risks while striving to balance cost-effectiveness with sustainable development. Our emissions reduction targets are based on industry standards and our specific circumstances, aiming to enhance our environmental performance in alignment with best practices. We plan to set up a timeline for achieving our ESG goals through a phased approach that ensures feasibility and traceability. Furthermore, we are committed to fostering a culture of compliance, with a goal to ensure that all employees are well-informed of and adhere to relevant ESG regulations and requirements through cross-departmental collaboration.

Our ESG strategies are overseen by the Board, which is responsible for setting overall ESG objectives and ensuring alignment with our long-term business goals. To support the Board, we have formed a dedicated ESG working group comprising senior management and representatives from key functional departments, including R&D, manufacturing, compliance, human resources, and investor relations. Such working group is responsible for implementing ESG initiatives, monitoring performance, and identifying areas for continuous improvement. Through this structured approach, we aim to integrate ESG principles into all aspects of our operations, enhance transparency, and create long-term value for our stakeholders.

Environmental Protection

In the pharmaceutical industry, we recognize the significant environmental responsibilities that come with our operations. We are committed to embedding environmental stewardship across all stages of our value chain. Environmental protection is a core component of our corporate philosophy, and we remain dedicated to continuously enhancing our practices to minimize our environmental footprint and promote sustainable development.

Climate Change

Climate change is one of the most pressing global challenges of our time. We recognize that climate-related risks and opportunities have significant implications for the pharmaceutical industry and consider climate responsiveness a critical component of our business strategy. To this end, we have established a comprehensive ESG governance framework to closely monitor and manage climate-related risks across our operations. In response, we actively implement measures to improve energy efficiency, reduce greenhouse gas emissions, and enhance environmental performance. At the same time, we remain alert to climate-related opportunities that can support innovation and promote the long-term sustainable development of our business.

Governance

Our climate change governance is integrated into our broader ESG governance framework. With support from relevant working teams or functional departments, the Board and our senior management are responsible for identifying and evaluating climate-related risks and opportunities. They also oversee the monitoring of greenhouse gas emissions and the implementation of initiatives related to energy conservation and emissions reduction.

Strategy and Risk Assessment

We closely monitor the impact of climate-related risks and opportunities on our business model, value chain, financial position, financial performance, and cash flow. Climate-related risks and opportunities are managed through a structured process that includes identification, assessment, response, review, and continuous improvement.

Our climate-related risks primarily fall into two categories: physical risks arising from extreme weather events, and transition risks associated with the global shift toward a low-carbon economy.

- Physical risks include disruptions caused by extreme weather events such as heavy rainfall and flooding, which may result in power outages, water supply interruptions, and damage to equipment and facilities. Such events can affect the continuity of our research and development activities and other core operations, while also posing risks to employee safety. To mitigate these risks, we have established comprehensive

emergency response plans, conduct regular safety training to raise employee awareness, and are enhancing the climate resilience of our facilities through measures such as improved flood protection.

- Transition risks stem from increasingly stringent regulatory requirements related to climate disclosures and carbon emissions. National and local authorities continue to introduce policies aimed at limiting greenhouse gas emissions, which may impose additional compliance obligations on our operations. In addition, climate change may contribute to rising costs for raw materials and energy used in pharmaceutical production. In response, we actively monitor relevant climate-related laws and regulations, strengthen the tracking and supervision of greenhouse gas emissions, and promote energy efficiency, consumption reduction, and green office practices throughout our daily operations.

Metrics and Targets

We are committed to energy conservation and reducing our carbon footprint. To fulfil our responsibility, we target to achieve a 5% decrease in electricity consumption in 2025 compared to the levels in 2024, which will lead to a decrease in our greenhouse gas emission.

Environmental Impact Management

We are committed to minimizing the environmental impact of our operations by implementing effective policies on waste management, energy efficiency, and water conservation.

In terms of waste management, we classify and handle waste in strict accordance with relevant environmental regulations. Domestic non-hazardous waste generated from administrative and facility operations is properly sorted and disposed of through licensed service providers. Hazardous waste generated during R&D and clinical trials — such as chemical residues and biological materials — is managed through specialized procedures and disposed of by qualified third parties to ensure full compliance and safety.

We also promote energy conservation by upgrading to energy-efficient equipment, optimizing heating, ventilation and air conditioning as well as lighting systems, and raising employee awareness of energy-saving practices. In parallel, our water conservation efforts focus on process optimization, leak prevention, and the use of water-saving devices where possible.

The following table sets forth our waste emissions and resource usage for the year/period indicated:

	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the six months ended June 30, 2025
Hazardous Waste	tons	0.8	1.9	0.8
Electricity Consumption	MWh	62.8	90.3	21.3
Water Consumption	cubic meters	327	559	82.6

Social Responsibility

As a responsible corporate citizen, we are committed to consistently fulfilling our corporate social responsibilities. Guided by a people-centered philosophy, we strive to create sustainable value for all stakeholders through inclusive and responsible business practices. We foster a workplace culture built on equality, respect, and inclusivity, empowering every employee to grow and contribute meaningfully. We place strong emphasis on employee health and well-being, recognizing them as key to long-term success. At the same time, we are dedicated to strengthening our quality control systems to ensure that our products meet the highest standards, while upholding ethical principles throughout our research and development processes.

Talent Management

We are committed to full compliance with applicable labor laws and employment regulations in all regions where we operate. To continuously improve our talent management practices, we have established a range of internal policies and systems, including employee handbooks, compensation guidelines, and welfare programs. We value the diverse backgrounds and unique experiences of our employees, and are dedicated to fostering a respectful, inclusive, and non-discriminatory work environment. We actively protect employee rights and prohibit any form of discrimination based on factors such as employment status, religion, age, gender, disability, nationality, or parental status. Equal opportunities are provided across all aspects of employment, including recruitment, compensation, benefits, and career advancement, enabling every employee to reach their full potential.

Diversity

We have adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. As of the Latest Practicable Date, around one third of our total employees were female. After the [**REDACTED**], we will continue to take steps to promote gender diversity at the Board and management level. Specifically, we will actively identify female individuals suitably qualified to become our Board members. To further ensure gender diversity in a long run, our Nomination Committee will periodically review our board diversity policy and its implementation to ensure its implementation and monitor its continued effectiveness.

Employee Health and Safety

Protecting the health and safety of our employees is a top operational priority. We strictly comply with all applicable occupational health and safety regulations in the jurisdictions where we operate. We continuously review and refine our safety management practices to ensure operational stability and safeguard our human capital. We also conduct workplace safety inspections and risk assessments to proactively identify potential hazards. Where necessary, corrective actions are promptly taken to mitigate risks and maintain a safe working environment. To enhance employees' awareness and understanding of workplace safety, we provide ongoing training on relevant laws, regulations, and internal safety protocols. During the Track Record Period, we did not experience any material health or workplace safety incidents, either in operational or administrative settings.

Supply Chain Management

Our supply chain primarily includes CROs, CDMOs, and suppliers of raw materials and equipment. In managing supplier relationships, we consider technical quality, cost efficiency, delivery reliability, reputation, and compliance. Key supply chain risks include raw material shortages, health and safety incidents, improper hazardous waste disposal, and exposure to corruption or bribery. To address these risks, we have established procurement policies that define supplier evaluation and approval processes. We prefer reputable, large-scale suppliers who are more likely to meet higher compliance and environmental standards, and we enforce strict anti-corruption and anti-bribery measures to ensure integrity across procurement activities.

Corporate Governance

We are committed to maintaining high standards of corporate governance as the foundation of our sustainable development. Our governance structure is designed to support effective oversight, transparent decision-making, and long-term value creation for stakeholders. The Board plays a central role in setting strategic direction, overseeing risk management, and ensuring accountability across all levels inside our Group.

Internal Control

To uphold integrity and transparency, we have implemented internal control systems and whistleblower mechanisms to prevent and detect misconduct, including corruption, fraud, and conflicts of interest. Regular training and communication ensure that all employees understand their responsibilities regarding ethics, compliance, and risk management.

Regulatory Compliance

We are subject to evolving and increasingly stringent environmental, occupational health and safety laws and regulations. In response, we remain firmly committed to cultivating a strong culture of compliance across our Group. Adherence to applicable laws, regulatory requirements, industry standards, and ethical principles is fundamental to our business operations. We require all employees to uphold compliance as a top priority in their daily work, a standard that is reinforced through comprehensive training programs, clearly defined policies, and consistent leadership communication.

We believe that our operations are in substantial compliance with the terms of applicable health, safety and environmental laws and regulations as currently interpreted in all material respects. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other penalties due to non-compliance in relation to environmental, health or occupational safety laws and regulations and had not been involved in any significant accident or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings that would, individually or in the aggregate, have material and adverse impact on our results of operations, financial condition, growth prospects and reputation. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. For details, see "Risk Factors — We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business" and "Risk Factors — If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed."

Legal Compliance

We are committed to maintaining the standards of compliance with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. For more details, see "Risk Factors — Risks Relating to Our Operations" in this Document. Our Directors oversee and manage the overall risks associated with our operations. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;

- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and

- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [**REDACTED**] in Hong Kong.

Internal Control

We have employed an independent internal control consultant to assess our internal control system in connection with the [**REDACTED**]. The internal control consultant has conducted a review procedure on our internal control system in certain aspects, including financial reporting and disclosure controls, corporate level controls, information system control management and other procedures for our operations. We had improved our internal

control system by adopting and implementing the corresponding enhanced internal control measures. Going forward, we will continue to regularly review and improve these internal control policies, measures and procedures.

We have also appointed external legal counsel to advise us on compliance matters, such as compliance with the regulatory requirements on clinical R&D, which is also monitored by our legal compliance team. Under our whistle blowing policy, we make our internal reporting channel open and available for our employees to report, on an anonymous basis, any non-compliance incidents and acts, including bribery and corruption. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings. We have also established anti-bribery guidelines and compliance requirements. After considering the remedial actions we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations.

We plan to provide our Directors, senior management, and relevant employees with continuous training programs and updates regarding the relevant laws and regulations regularly to proactively identify any concerns and issues relating to any potential non-compliance.

Anti-bribery

We maintain a strict code of conduct and anti-corruption policies among our employees and distributors. We believe we will be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We strictly prohibit bribery or other improper payments in our business operations. This prohibition applies to all business activities, anywhere globally, whether involving government officials or healthcare professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of unusual, excessive or inadequately described expenses should be rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable. We will also ensure that future commercialization team personnel comply with applicable promotion and advertising requirements, including restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

We have adopted comprehensive internal control measures for anti-corruption and anti-bribery by (i) providing regular anti-corruption and anti-bribery compliance training for senior management and employees, including daily compliance team meeting, annual compliance training and other ad hoc compliance training sessions, to enhance their knowledge and compliance with applicable law and regulations; (ii) monitoring books, records and accounts with respect to supplier management, tendering and bidding process management and financial payment management to identify any false, misleading or undisclosed entries; (iii) establishing whistle-blowing mechanisms and encouraging all employees, suppliers, customers and other third parties to report suspicious activities and violations of the policies.

Conflict of Interest and Non-Competition

Our code of conduct clearly defines the scope of conflicts of interest, including supplier and customer relationships, hospitality and gifts, financial interests and personnel matters. Our employees, including but not limited to our Directors and R&D team members, may not have or be suspected of having a personal interest in business dealings with our suppliers, customers, competitors or distributors; accept monetary, financial or other benefits from our suppliers, customers, competitors or distributors; have close relatives who work for our suppliers, customers, competitors or distributors; serve as a consultant or director in an association or company in the same market or industry. At the same time, employees shall keep confidential information strictly confidential and agree on the definition of confidential information, the content covered, the use of intellectual properties, including but not limited to any transfer of know-how, acquisition of technologies, and potential breach liabilities.

Our employee agreements have included non-competition clauses, which prohibit employees from engaging in or directly or indirectly assisting any third party to engage in the same, similar and competitive business activities as our Company for a period of two years from the date of termination of employment. Any of our employees shall not, without prior written approval from our Company, own, manage, operate or control any other entity that competes with our Company.

Data Privacy Protection

We have established procedures to protect the confidentiality of patients' data. We implement strict internal policies to govern the collection, handling, storage, retrieval of, and access to our patients' personal data and medical records and protect the security and confidentiality of personal information to ensure compliance with all applicable national or international rules and regulations on data protection and privacy. We usually require our personnel to collect and safeguard personal information in their possession. Our information technology network is configured with multiple layers of protection to secure our databases and servers. We have also implemented a variety of protocols and procedures to safeguard our data assets and prevent unauthorized access to our network. According to the GCP and relevant regulations, access to clinical trial data has been strictly limited to authorized personnel. In order to strengthen the management of our database, ensure the normal and effective operation of the database, and ensure the security of the database, we have designated database administrator to carry out the responsibilities of daily maintenance, authority control, security protection and other management of the database. Additionally, we require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data are to be used only for the intended use, as agreed by the patients and consistent with the informed consent form.

We are committed to the protection of trial participant information in compliance with the applicable laws, regulations and industry standards. We generally require CROs to keep all documents, data, records, and information provided by us or generated during the contract strictly confidential. The CROs are also required to ensure that their employees, consultants, and other professionals who access this confidential information are bound by the same confidentiality obligations. Without our prior written consent, CROs are generally prohibited from disclosing, revealing, or disseminating any confidential information to third parties in any form. Additionally, to the extent possible, we require CROs to implement protective measures that are at least equivalent to those they use for their own confidential information, to prevent unauthorized use, disclosure, or leakage of the information provided by us or generated during the trial.

Furthermore, we enter into confidentiality agreements with our employees who have access to any aforementioned privacy information. The confidentiality agreements provide that, among other things, these employees are legally obligated not to misuse the confidential information while in office, to surrender all confidential information in possession while resigning, and to retain their confidential obligations after they leave office. We also implement a series of measures to ensure our employees' compliance with our data security measures. For instance, we provide training to our employees on relevant data security policies.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of confidentiality agreements by our suppliers or employees or any other information-related incidents which could cause a material adverse effect on our business, financial condition or results of operations. Our PRC Legal Advisors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalty in relation to data privacy, and had been in compliance with the relevant PRC laws and regulations in all material aspects in this regard.

OVERVIEW

As of the Latest Practicable Date, Dr. Shi was directly interested in approximately 30.3% of our total issued share capital. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Dr. Shi will be entitled to exercise the voting rights attached to approximately [**REDACTED**]% of our total issued share capital. Therefore, Dr. Shi will be our Single Largest Shareholder upon [**REDACTED**] and our Company will not have any controlling shareholder as defined under the Listing Rules.

Dr. Shi is our Chairperson of the Board, executive Director and chief executive officer. See "Directors and Senior Management" for further details.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Shareholder and his close associates after the [**REDACTED**].

Management Independence

Our business is managed and conducted by the Board and senior management in a collective manner. Our Board consists of two executive Directors, four non-executive Directors and three independent non-executive Directors. Our Directors believe that the Board and senior management of our Company are able to operate our business independently of our Single Largest Shareholder and his close associates for the following reasons:

(i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(ii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the background of the senior management team, see "Directors and Senior Management;"

(iii) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders. For details of the background of the independent non-executive Directors, see "Directors and Senior Management;"

(iv) in the event of a conflict of interest arising out of any transactions to be entered into by our Group, all Directors with conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming a quorum at the relevant Board meetings; and

(v) we have adopted a series of corporate governance measures and internal control mechanism to manage conflicts of interest, if any, between our Group and our Single Largest Shareholder and his close associates which would support our independent management. For details, see "— Corporate Governance Measures" in this section.

Operational Independence

Our operations remain independent from our Single Largest Shareholder and his close associates for the following reasons:

(i) our Group possesses sufficient facilities, equipment, technology and human resources to operate its business independently from our Single Largest Shareholder and his close associates, and holds licenses and qualifications that are necessary for our business independently from our Single Largest Shareholder and his close associates;

(ii) our Group has an established and complete organizational structure, comprising various separate departments each charged with specific responsibilities independently without interference or intervention from our Single Largest Shareholder and his close associates;

(iii) our Group has independent access to, among others, customers, suppliers, experts and other resources required for our business. We can exercise rights to make and implement our operational decisions independently; and

(iv) we have adopted a set of corporate governance measures pursuant to the Listing Rules and other applicable laws and regulations. For details, please refer to the paragraph headed "— Corporate Governance Measures" in this section.

Based on the above, our Directors confirmed that our Group would be able to operate independently from our Single Largest Shareholder and his close associates after the [**REDACTED**].

Financial Independence

We have an independent financial system and finance team responsible for our own treasury functions and we have made, and will continue to make, financial decisions based on our own business needs. We are financially independent of our Single Largest Shareholder and his close associates. We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operations. In addition, we are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Shareholder or his close associates. We have an independent internal control and accounting system and make financial decisions according to our business needs. Our source of funding is independent from our Single Largest Shareholder and his close associates.

As of the Latest Practicable Date, there were no loans, advances and balances due to our Single Largest Shareholder or his close associates, nor were there any pledges and guarantees provided by and to our Single Largest Shareholder or his close associates. Any loans, advances and balances due from our Single Largest Shareholder or his close associates will be settled before the [**REDACTED**].

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Shareholder and his close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Upon [**REDACTED**], save as disclosed in "Directors and Senior Management — Corporate Governance Code," we will comply with all other provisions of the Corporate Governance Code set forth in Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in the protection of our Shareholders' interests. We have adopted or will adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Shareholder and his close associates:

(i) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Single Largest Shareholder or his close associates, our Company will comply with the applicable Listing Rules as required by the Listing Rules;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholder and his close associates may have a material interest, they will not vote on the resolutions and shall not be counted in the quorum present at the meeting;

(iii) our independent non-executive Directors will (a) review any connected transactions annually and disclose in our annual report or by way of announcements that, such connected transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and (b) provide impartial and professional advice to protect the interests of our minority Shareholders;

(iv) we have appointed Somerley Capital Limited as our Compliance Advisor pursuant to the Rule 3A.19 of the Listing Rules to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance;

(v) we have established our Audit Committee, Remuneration and Appraisal Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules. The majority of the members of our Audit Committee, including its chairman, are independent non-executive Directors. In addition, we will comply with relevant Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules to ensure effective function and supervision by these committees; and

(vi) The decision-making mechanism of the Board as set out in our Articles of Association includes provisions to avoid conflicts of interest by providing, among other things and subject to certain exceptions, that Directors whose close associates such as an entity controlled by them are involved in the matters to be resolved at the Board meeting shall declare their interest and shall not vote on such resolution. In this context, our Directors shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which such Director or any of their close associates such as an entity controlled by them has any material interest.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interests between our Group and our Single Largest Shareholder and his close associates to protect minority Shareholders' rights after the [**REDACTED**].

OVERVIEW

Before the [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB46,274,161, comprising 46,274,161 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Assuming the* [REDACTED] *is not exercised:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	10,726,241	[**REDACTED**]%
H Shares to be converted from Unlisted Shares[(1)]	35,547,920	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.0%**

Assuming the* [REDACTED] *is exercised in full:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	10,726,241	[**REDACTED**]%
H Shares to be converted from Unlisted Shares[(1)]	35,547,920	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.0%**

Note:

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [**REDACTED**], see "History, Development and Corporate Structure — Our Capitalization."

SHARES OF OUR COMPANY

Upon completion of the [**REDACTED**], depending on whether Shares are [**REDACTED**] on the Stock Exchange, our Company will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company and are the same class of Shares under the Articles of Association. However, the H Shares generally may not be [**REDACTED**] for by, or [**REDACTED**] between, legal or natural persons of the PRC, apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

RANKING

Unlisted Shares and the H Shares carry the same rights and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB, whereas all dividends for Unlisted Shares will be paid in RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into H Shares. Such converted Shares may be [**REDACTED**] and [**REDACTED**] on an overseas stock exchange provided that the conversion, [**REDACTED**] and [**REDACTED**] of such converted Shares have been filed with the CSRC. Additionally, such conversion, [**REDACTED**] and [**REDACTED**] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

[**REDACTED**] Review and Filing with the CSRC

We [have applied for] a "full circulation" filing when applying for an overseas [**REDACTED**] filing with the CSRC on [●], and [submitted] the filing reports, authorization documents of the shareholders of Unlisted Shares for which an H-share "full circulation" filing was applied, undertaking about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

We [have received] the filing notice from the CSRC dated [●] in relation to the filing of the overseas [**REDACTED**] and "full circulation," pursuant to which:

(i) our Company [was approved] to issue no more than [**REDACTED**] H Shares with a nominal value of RMB1.0 each, which are all ordinary shares, and upon this issuance our Company may be [**REDACTED**] on the Main Board of the Stock Exchange;

(ii) our Company [was approved] to convert a total of 35,547,920 Unlisted Shares with a nominal value of RMB1.0 each, held by certain Shareholders of our Company (the "**Full Circulation Participating Shareholders**") into H Shares, and the relevant Shares may be [**REDACTED**] on the Stock Exchange upon completion of the conversion.

Where the [**REDACTED**] cannot be completed within one year upon receipt of the filing notice, and our Company will continue to conduct overseas [**REDACTED**] and [**REDACTED**] after that, it shall update the filing materials, and the CSRC will update the public filing information accordingly.

[REDACTED] by the Stock Exchange

We have applied to the [**REDACTED**] for the granting of [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]), and the H Shares to be converted from the Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our [**REDACTED**] regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**]. The Full Circulation Participating Shareholders may only [**REDACTED**] the Shares upon completion of the following domestic procedures. Any application for [**REDACTED**] of the converted Shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of the announcement to inform the Shareholders and the public of any proposed conversion.

Domestic Procedures

The Full Circulation Participating Shareholders may only [**REDACTED**] the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and [**REDACTED**]:

(i) We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at [**REDACTED**] in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) We will engage a domestic securities company (the "**Domestic Securities Company**") to provide services such as sending orders for trading of the converted H Shares and receipt of transaction returns. The Domestic Securities Company will engage a Hong Kong securities company (the "**Hong Kong Securities Company**") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange;

(iii) The Shenzhen Stock Exchange shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and transaction returns in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(iv) The Full Circulation Participating Shareholders shall complete the necessary overseas shareholding registration or filing procedure in accordance with applicable laws and regulations; and

(v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the [**REDACTED**] shall be subject to this statutory restriction and shall not be transferred for a period of one year from the [**REDACTED**].

Pursuant to the PRC Company Law, transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are [**REDACTED**] and [**REDACTED**], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors and members of senior management, a summary of which is set out in "Appendix V—Summary of Articles of Association."

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our general Shareholders' meeting required, see "Appendix IV — Summary of Principal Laws and Regulations" and "Appendix V — Summary of Articles of Association."

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the Conversion of Unlisted Shares into H Shares, the following persons will have interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company:

			Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Unlisted Shares into H Shares		
Name	Nature of Interest[1]	Description of Shares	Number of Shares	% of shareholding in the total issued share capital of our Company	Number of Shares	% of shareholding in the Unlisted Shares/H Shares (as applicable)[2]	% of shareholding in the total issued share capital of our Company[2]
Dr. Shi	Beneficial owner	Unlisted Shares	14,000,000	30.3%	2,333,800	21.8%	[REDACTED]
		H Shares	–	–	11,666,200	[REDACTED]	[REDACTED]
Ms. Chu Lingyuan[3]	Interest of spouse	Unlisted Shares	14,000,000	30.3%	2,333,800	21.8%	[REDACTED]
		H Shares	–	–	11,666,200	[REDACTED]	[REDACTED]
Kaitai Chengde	Beneficial owner	Unlisted Shares	3,529,412	7.6%	1,764,706	16.5%	[REDACTED]
		H Shares	–	–	1,764,706	[REDACTED]	[REDACTED]
Kaitao Jie'ao[4]	Interest in controlled corporations	Unlisted Shares	3,529,412	7.6%	1,764,706	16.5%	[REDACTED]
		H Shares	–	–	1,764,706	[REDACTED]	[REDACTED]
Kaitai Management[5]	Interest in controlled corporations	Unlisted Shares	5,550,649	12.0%	2,775,323	25.9%	[REDACTED]
		H Shares	–	–	2,775,326	[REDACTED]	[REDACTED]
Mr. Xu Yonghong[6]	Interest in controlled corporations	Unlisted Shares	6,603,359	14.3%	3,301,677	30.8%	[REDACTED]
		H Shares	–	–	3,301,682	[REDACTED]	[REDACTED]
Mr. Fang Liangchang[7]	Beneficial owner	Unlisted Shares	2,349,943	5.1%	1,174,971	11.0%	[REDACTED]
		H Shares	–	–	1,174,972	[REDACTED]	[REDACTED]
	Interest in controlled corporations	Unlisted Shares	642,205	1.4%	321,102	3.0%	[REDACTED]
		H Shares	–	–	321,103	[REDACTED]	[REDACTED]

			Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Unlisted Shares into H Shares		
Name	Nature of Interest[1]	Description of Shares	Number of Shares	% of shareholding in the total issued share capital of our Company	Number of Shares	% of shareholding in the Unlisted Shares/H Shares (as applicable)[2]	% of shareholding in the total issued share capital of our Company[2]
Changzhou Xinshi[8]	Beneficial owner	Unlisted Shares	4,168,236	9.0%	2,778,825	25.9%	[REDACTED]
		H Shares	–	–	1,389,411	[REDACTED]	[REDACTED]
Changzhou Braxton[8]	Interest in controlled corporations	Unlisted Shares	4,168,236	9.0%	2,778,825	25.9%	[REDACTED]
		H Shares	–	–	1,389,411	[REDACTED]	[REDACTED]
Changzhou Sanle[8]	Interest in controlled corporations	Unlisted Shares	4,168,236	9.0%	2,778,825	25.9%	[REDACTED]
		H Shares	–	–	1,389,411	[REDACTED]	[REDACTED]
Ms. Xue Yunxia[8]	Interest in controlled corporations	Unlisted Shares	4,168,236	9.0%	2,778,825	25.9%	[REDACTED]
		H Shares	–	–	1,389,411	[REDACTED]	[REDACTED]
Mr. Jin Ping[8]	Interest in controlled corporations	Unlisted Shares	4,168,236	9.0%	2,778,825	25.9%	[REDACTED]
		H Shares	–	–	1,389,411	[REDACTED]	[REDACTED]
Zhuhai Livzon[9]	Beneficial owner	Unlisted Shares	2,814,638	6.1%	–	–	[REDACTED]
		H Shares	–	–	2,814,638	[REDACTED]	[REDACTED]
Livzon Pharma[9]	Interest in controlled corporations	Unlisted Shares	2,814,638	6.1%	–	–	[REDACTED]
		H Shares	–	–	2,814,638	[REDACTED]	[REDACTED]
New Power[10]	Beneficial owner	Unlisted Shares	2,488,348	5.4%	–	–	[REDACTED]
		H Shares	–	–	2,488,348	[REDACTED]	[REDACTED]
Kingray Capital[10]	Interest in controlled corporations	Unlisted Shares	2,488,348	5.4%	–	–	[REDACTED]
		H Shares	–	–	2,488,348	[REDACTED]	[REDACTED]
Xicheng Capital[10]	Interest in controlled corporations	Unlisted Shares	2,488,348	5.4%	–	–	[REDACTED]
		H Shares	–	–	2,488,348	[REDACTED]	[REDACTED]
Financial Street Capital[10]	Interest in controlled corporations	Unlisted Shares	2,488,348	5.4%	–	–	[REDACTED]
		H Shares	–	–	2,488,348	[REDACTED]	[REDACTED]

			Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Unlisted Shares into H Shares		
Name	Nature of Interest[(1)]	Description of Shares	Number of Shares	% of shareholding in the total issued share capital of our Company	Number of Shares	% of shareholding in the Unlisted Shares/H Shares (as applicable)[(2)]	% of shareholding in the total issued share capital of our Company[(2)]
Heda Fund[(11)]	Beneficial owner	Unlisted Shares	2,274,138	4.9%	–	–	[REDACTED]
		H Shares	–	–	2,274,138	[REDACTED]	[REDACTED]
Heda Investment[(11)] .	Interest in controlled corporations	Unlisted Shares	2,274,138	4.9%	–	–	[REDACTED]
		H Shares	–	–	2,274,138	[REDACTED]	[REDACTED]
Jintou Fund[(11)] . . .	Interest in controlled corporations	Unlisted Shares	2,274,138	4.9%	–	–	[REDACTED]
		H Shares	–	–	2,274,138	[REDACTED]	[REDACTED]
Heda Industry Fund[(11)]	Interest in controlled corporations	Unlisted Shares	2,274,138	4.9%	–	–	[REDACTED]
		H Shares	–	–	2,274,138	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 10,726,241 Unlisted Shares and [**REDACTED**] H Shares in issue immediately upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised).

(3) Ms. Chu Lingyuan is the spouse of Dr. Shi. By virtue of the SFO, Ms. Chu Lingyuan is deemed to be interested in the Shares in which Dr. Shi is interested in.

(4) Hangzhou Kaitai Jie'ao Investment Management Co., Ltd. (杭州凱泰潔奧投資管理有限公司) ("**Kaitai Jie'ao**") is deemed to be interested in 3,529,412 Shares held by Kaitai Chengde, where Kaitai Jie'ao is its general partner, under the SFO.

(5) Hangzhou Kaitai Investment Management Co., Ltd. (杭州凱泰資本管理有限公司) ("**Kaitai Management**") is deemed to be interested in 5,550,649 Shares under the SFO, consisting of (i) 3,529,412 Shares held by Hangzhou Kaitai Chengde Venture Capital Partnership (Limited Partnership) (杭州凱泰成德創業投資合夥企業(有限合夥)) ("**Kaitai Chengde**") (a partnership whose general partner, Kaitai Jie'ao, is wholly owned by Kaitai Management); (ii) 642,205 Shares held by Xiamen Jinyuan Kaitai Zhanhong Health Growth Venture Capital Investment Partnership (Limited Partnership) (廈門金圓凱泰展鴻健康成長創業投資合夥企業(有限合夥)) (a partnership for which Kaitai Management is the general partner); (iii) 642,205 Shares held by Nanjing Chuangyi Kaitai Venture Capital Partnership (Limited Partnership) (南京創熠凱泰創業投資合夥企業(有限合夥)) (a partnership for which Kaitai Management is the general partner); (iv) 454,828 Shares held by Xiamen Yilian Kaitai Digital Venture Capital Fund Partnership (Limited Partnership) (廈門億聯凱泰數字創業投資合夥企業(有限合夥)) (a partnership whose general partner, Xiamen Kaitai Yilian Investment Management Co., Ltd. (廈門凱泰億聯投資管理有限公司), is ultimately controlled by Kaitai Management); and (v) 281,999

Shares held by Hangzhou Kaishi Venture Capital Partnership (Limited Partnership) (杭州凱實創業投資合夥企業(有限合夥)) (a partnership whose general partner, Hangzhou Kaishi Enterprise Management Co., Ltd. (杭州凱實企業管理有限公司), is ultimately controlled by Kaitai Management).

(6) Mr. Xu Yonghong (徐永紅) is deemed to be interested in 6,603,359 Shares under the SFO, consisting of (i) 5,550,649 Shares deemed to be interested by Kaitai Management (a company is ultimately controlled by Mr. Xu Yonghong); (ii) 682,241 Share held by Hangzhou Kaitai Zhisheng Equity Investment Partnership Enterprise (Limited Partnership) (杭州凱泰智生股權投資合夥企業(有限合夥)) (a partnership whose general partner, Hangzhou Kaitai Changhui Investment Management Co., Ltd (杭州凱泰長匯投資管理有限公司) ("**Changhui Investment**"), is ultimately controlled by Mr. Xu Yonghong); (iii) 281,999 Shares held by Hangzhou Kaitai Hongze Venture Capital Partnership (Limited Partnership) (杭州凱泰宏澤創業投資合夥企業(有限合夥)) (a partnership whose general partner, Changhui Investment, is ultimately controlled by Mr. Xu Yonghong); and (iv) 88,470 Shares held by Xiamen Jinyuan Kaitai Zhanhong Healthy Growth Phase II Venture Capital Partnership (Limited Partnership) (廈門金園凱泰展鴻健康成長二期創業投資合夥企業(有限合夥)) (a partnership whose general partner, Changhui Investment, is ultimately controlled by Mr. Xu Yonghong).

(7) Mr. Fang Liangchang (方良昌) is deemed to be interested in 2,992,148 Shares under the SFO, consisting of (i) 2,349,943 Shares held by himself; and (ii) 642,205 Shares held by Nanjing Chuangyi Kaitai Venture Capital Partnership (Limited Partnership) (南京創熠凱泰創業投資合夥企業(有限合夥)) (a partnership in which Nanjing Hongde Enterprise Management Partnership (Limited Partnership) (南京弘德企業管理合夥企業(有限合夥)), where Mr. Fang Liangchang is a limited partner with 50% interest, contributes more than one third of the limited partnership interests).

(8) Changzhou Xinshi Venture Capital Partnership (Limited Partnership) (常州鑫氏創業投資合夥企業(有限合夥)) ("**Changzhou Xinshi**") is a limited partnership managed by its general partner Changzhou Braxton Textile Co., Ltd. (常州霸洋紡織品有限公司) ("**Changzhou Braxton**"), which is controlled by Changzhou Sanle Weaving Printing & Dyeing Investment Center (General Partnership) (常州三樂紡織印染投資中心(普通合夥)) ("**Changzhou Sanle**"), ultimately controlled by Mr. Jin Ping (金平). Each of Ms. Xue Yunxia (薛雲霞) and Mr. Jin Ping is also a limited partner who contributes more than one third of the limited partnership interests of Changzhou Xinshi. As such, under the SFO, each of Changzhou Braxton, Changzhou Sanle, Jin Ping and Xue Yunxia is deemed to be interested in the Shares held by Changzhou Xinshi.

(9) Zhuhai Livzon Investment Development Co., Ltd. (珠海市麗珠投資發展有限公司) ("**Zhuhai Livzon**") is a company directly controlled by Livzon Pharmaceutical Group Inc. (麗珠醫藥集團股份有限公司) ("**Livzon Pharma**") (SSE: 000513; SEHK: 1513). As such, under the SFO, Livzon Pharma is deemed to be interested in the Shares held by Zhuhai Livzon.

(10) Beijing New Power Equity Investment Fund (Limited Partnership) (北京新動力股權投資基金(有限合夥)) ("**New Power**") is a limited partnership managed by its general partner, Kingray Capital Management Co, Ltd. (北京熙誠金睿股權投資基金管理有限公司) ("**Kingray Capital**"). Kingray Capital is controlled by Beijing Xicheng Capital Holdings Co., Ltd. (北京熙誠資本控股有限公司) ("**Xicheng Capital**"), also being a limited partner of New Power which contributes more than one third of limited partnership interests. Xicheng Capital is wholly owned by Beijing Financial Street Capital Operation Group Co., Ltd. (北京金融街資本運營集團有限公司) ("**Financial Street Capital**"), a state-owned enterprise wholly owned by the State-owned Assets Supervision and Administration Committee of the People's Government of Xicheng District, Beijing (北京市西城區人民政府國有資產監督管理委員會) ("**SASAC Xicheng**"). As such, under the SFO, each of Kingray Capital, Xicheng Capital, Financial Street Capital and SASAC Xicheng is deemed to be interested in the Shares held by New Power.

(11) Hangzhou Qiantang Heda Health Venture Capital Fund Partnership (Limited Partnership) (杭州錢塘和達大健康創業投資基金合夥企業(有限合夥)) ("**Heda Fund**") is a limited partnership. Heda Fund has two general partners, Hangzhou Heda Investment Co., Ltd. (杭州和達投資管理有限公司) ("**Heda Investment**") and Zhejiang Jintou Shengyuan Private Equity Fund Management Co., Ltd. (浙江金投盛源股權投資有限公司) ("**Jintou Fund**"). Heda Investment is a state-owned enterprise ultimately controlled by Hangzhou Qiantang New Area Management Committee (杭州錢塘新區管理委員會). No shareholder of Jintou Fund holds one third or more of its equity interest. Hangzhou Heda Industry Fund Investment Co., Ltd. (杭州和達產業基金投資有限公司) ("**Heda Industry Fund**") contributes more than one third of limited partnership interests in Heda Fund. Heda Industry Fund is a state-owned enterprise also ultimately controlled by Hangzhou Qiantang New Area Management Committee (杭州錢塘新區管理委員會). As such, under the SFO, each of Heda Investment, Jintou Fund and Heda Industry Fund is deemed to be interest in the Shares held by Heda Fund.

SUBSTANTIAL SHAREHOLDERS

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the Conversion of our Unlisted Shares into H Shares, have any interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

BOARD OF DIRECTORS

Our Board consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age	Positions	Time of joining our Group	Time of appointment as a Director	Roles and responsibilities
Dr. Shi Dongfang (史東方)[1]	62	Chairperson of the Board, executive Director and chief executive officer	March 2012	March 2012	Responsible for leading the strategic planning, business direction, and overall management of our Group
Mr. Jin Wenqing (金文卿)	38	Executive Director, executive vice president and secretary of the Board	June 2015	June 2015	Responsible for managing the general operation, corporate governance, investment and financing planning and external strategic cooperation matters of our Group
Ms. Chu Lingyuan (褚玲元)[1]	61	Non-executive Director	July 2024	July 2024	Responsible for overseeing Board affairs and providing advice on strategic development of our Group
Mr. Li Xianxian (李顯顯)	36	Non-executive Director	May 2017	May 2017	Responsible for overseeing Board affairs and providing advice on strategic development of our Group
Mr. Tang Yanggang (唐陽剛)	56	Non-executive Director	January 2020	January 2020	Responsible for overseeing Board affairs and providing advice on strategic development of our Group
Mr. Jiang Chao (江超)	42	Non-executive Director	December 2021	December 2021	Responsible for overseeing Board affairs and providing advice on strategic development of our Group

Name	Age	Positions	Time of joining our Group	Time of appointment as a Director	Roles and responsibilities
Mr. Ni Zhifeng (倪志峰)	53	Independent non-executive Director	September 2025	September 2025	Responsible for supervising and offering independent judgment to the Board
Dr. Han Haiyong (韓海永)	54	Independent non-executive Director	September 2025	September 2025	Responsible for supervising and offering independent judgment to the Board
Mr. Siu Wing Hay (蕭永禧)	50	Independent non-executive Director	September 2025	September 2025	Responsible for supervising and offering independent judgment to the Board

Note:

(1) Dr. Shi Dongfang and Ms. Chu Lingyuan are spouses.

Executive Directors

Dr. Shi Dongfang (史東方), aged 62, is our founder, the chairperson of the Board, an executive Director and the chief executive officer. He was appointed as a Director in March 2012 and was appointed as chairperson of the Board and chief executive officer since January 2015. Dr. Shi was redesignated as an executive Director in September 2025. He also holds directorships or supervisory roles across all subsidiaries within our Group. Dr. Shi is mainly responsible for leading the strategic planning, business direction, and overall management of our Group.

Dr. Shi commenced his career in the biopharmaceutical industry in 1999 where he joined U.S.-based Genelabs Technologies, Inc., a formerly NASDAQ-listed company, as a scientist. In 2007, he joined Metabolex, Inc., a U.S. company focused on novel drug development, where he served as a senior scientist through 2011. Dr. Shi was involved in the design and development of first-in-class innovative drugs, including antifungal drugs, anti-HCV, Type 2 diabetes, amongst others.

Dr. Shi earned his Ph.D. in medicinal chemistry and organic chemistry from University of Nottingham in the U.K. in December 1995. Dr. Shi was a postdoctoral fellow in medicinal chemistry at the University of Texas at Austin in the U.S. from January 1996 to December 1998. He obtained a bachelor's degree in pharmaceutical chemistry from China Pharmaceutical University (中國藥科大學) in the PRC in July 1984. Dr. Shi participated in the advanced training program for administrative management at Tsinghua University (清華大學) in 2015.

Mr. Jin Wenqing (金文卿), aged 38, is our executive Director, executive vice president and secretary of the Board. He was appointed as a Director in June 2015 and redesignated as an executive Director and employee representative Director in September 2025. He also holds directorships in two subsidiaries, namely Atom Zhenjiang and Atom Australia, within our Group. Mr. Jin is mainly responsible for managing the general operation, corporate governance, investment and financing planning and external strategic cooperation matters of our Group. Mr. Jin has been instrumental in completing multiple rounds of financing — through Series A to D2 Financing — for our Company. Beyond his financial and strategic responsibilities, Mr. Jin has also contributed his technical expertise to our Group's research and development efforts, participating in pre-clinical studies, CMC development, IND submissions, and worldwide clinical trials.

Prior to joining us, Mr. Jin was with Sterile Technology LLC, a company focus on providing turn key Sterilization Systems for pharmaceutical industries worldwide. Mr. Jin also maintains presence as an independent investor in biotech and healthcare industry.

Mr. Jin obtained a bachelor's degree in biological science from East China University of Science and Technology (華東理工大學) in the PRC in July 2010, and a master's degree in pharmaceutical manufacturing from Stevens Institute of Technology in the U.S. in February 2013.

Non-executive Directors

Ms. Chu Lingyuan (褚玲元), aged 61, is our non-executive Director. Ms. Chu was appointed as a Director in July 2024 and was redesignated as a non-executive Director in September 2025. Ms. Chu is responsible for overseeing Board affairs and providing advice on strategic development of our Group.

From 1999 till now, Ms. Chu served at several high-tech companies in Silicon Valley in the U.S. She has 25 years of experience in manufacturing and quality assurance, with a strong background in all precision mechanical, electrical, and optical component inspection. From September 1999 to August 2009, Mrs Chu was a lead senior inspector at New Focus, Inc. From September 2009 to August 2012, Ms. Chu was a senior inspector at Newport Corporation, a wholly-owned subsidiary of MKS Instruments, Inc. (NASDAQ: MKSI). She then served at Intuitive Surgical, Inc. (NASDAQ: ISRG), a global leader in robotic-assisted surgery, as lead CMM programmer from September 2012 until October 2024. Since November 2024, Ms. Chu has held the position of metrology engineer at Apple Inc. (NASDAQ: AAPL).

Ms. Chu graduated from Nanjing University (南京大學) majoring in political administration at elementary level (黨政幹部基礎) in the PRC in June 1988.

Mr. Li Xianxian (李顯顯), aged 36, is our non-executive Director. Mr. Li was appointed as a Director in May 2017 and was redesignated as a non-executive Director in September 2025. Mr. Li is responsible for overseeing Board affairs and providing advice on strategic development of our Group.

Mr. Li began his career at Hangzhou Kaitai Investment Management Co., Ltd. (杭州凱泰資本管理有限公司) ("**Kaitai Management**") in April 2015 as an investment manager, where he focuses on biotechnology and pharmaceutical investments. During the tenure at Kaitai Management, Mr. Li advanced from investment manager to assistant president in May 2017, vice president in May 2018, and executive president in May 2019, before becoming a partner since April 2021.

In addition to his directorship at our Company, Mr. Li holds concurrent directorships or supervisory roles in numerous healthcare companies, including (i) as a director at DragonKnight Therapeutics Limited; (ii) as a director at Guangzhou Lupeng Pharmaceutical Co., Ltd. (廣州麓鵬製藥有限公司) since January 2019; and (iii) as a director at Jiangsu Asia Rainbow Pharmaceutical Technology Co., Ltd. (江蘇亞虹醫藥科技股份有限公司) (SSE: 688176) since December 2023.

Mr. Li obtained a bachelor's degree in pharmaceutical engineering from Northwest University (西北大學) in the PRC in July 2011, and a master's degree in chemical engineering from Zhejiang University (浙江大學) in the PRC in June 2015.

Mr. Tang Yanggang (唐陽剛), aged 56, is our non-executive Director. Mr. Tang was appointed as a Director in January 2020 and was redesignated as a non-executive Director in September 2025. Mr. Tang is responsible for overseeing Board affairs and providing advice on strategic development of our Group.

Mr. Tang is currently an executive director, the president, a member of the strategy committee and the environmental, social and governance committee and the authorized representative of Livzon Pharmaceutical Group Inc. (麗珠醫藥集團股份有限公司) ("**Livzon Pharmaceutical**") (SSE: 000513, SEHK: 1513). He also holds directorships in various subsidiaries of the group of Livzon Pharmaceutical. He joined Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司) in 2008 and served as technical director, general manager, chairman of the board and secretary to the party committee successively, and has been the chairman of its board of directors since July 2015. Mr. Tang served as the general manager of the active pharmaceutical ingredient (API) business department of Livzon Pharmaceutical from July 2015 to October 2020, and the executive vice president from July 2018 to December 2018. He has been the president and executive director of Livzon Pharmaceutical since December 2018 and February 2019, respectively. Mr. Tang is also the vice chairman of Guangdong Pharmaceutical Association (廣東省藥學會).

Mr. Tang obtained a bachelor's degree in microbiology from Sichuan University (四川大學) in the PRC in July 1992 and is a senior pharmaceutical engineer.

Mr. Jiang Chao (江超), aged 42, is our non-executive Director. Mr. Jiang was appointed as a Director in December 2021 and was redesignated as a non-executive Director in September 2025. Mr. Jiang is responsible for overseeing Board affairs and providing advice on strategic development of our Group.

Mr. Jiang began his career at China Resources Double-Crane Pharmaceutical Co., Ltd. (華潤雙鶴藥業股份有限公司) (SSE: 600062) as an R&D project leader from July 2008 to September 2011. He subsequently transitioned to investment management, serving as an investment manager at Beijing Foyou Pharma Co., Ltd. (北京福元醫藥股份有限公司) (SSE: 601089) from September 2011 to March 2014. He was then an investment professional at Chongde Hongxin (Beijing) Investment Management Co., Ltd. (崇德弘信(北京)投資管理有限公司) from March 2014 to June 2016, and at Sunshine Asset Management Co., Ltd. (陽光資產管理股份有限公司) from June 2016 to October 2017. Mr. Jiang was the investment director at Shenzhen Guozhong Venture Capital Management Co., Ltd. (深圳國中創業投資管理有限公司) from November 2017 to July 2021, prior to his current role as an executive director at Beijing Xicheng Kingray Capital Management Co., Ltd. (北京熙誠金睿股權投資基金管理有限公司) since July 2021.

In addition to his directorship at our Company, Mr. Jiang has previously held directorships at several life science companies, including: (i) as a director at Suzhou Advanccine Biotechnology Co., Ltd. (蘇州艾棣維欣生物技術股份公司) (NEEQ: 874055) from February 2020 to November 2020; (ii) as a director at Guangdong Longcheng Medical Device Technology Co., Ltd. (廣東朗呈醫療器械科技有限公司) from March 2021 to April 2022; (iii) as a director at Beijing Transcend Vivoscope Bio-Technology Co., Ltd. (北京超維景生物科技有限公司) from April 2019 to June 2022; and (iv) as a director at Saifu Decoding (Beijing) Gene Technology Co., Ltd. (賽福解碼(北京)基因科技有限公司) from April 2020 to January 2024.

Mr. Jiang obtained a bachelor's degree and a master's degree both in pharmaceutical engineering from Beijing University of Chemical Technology (北京化工大學) in the PRC in July 2005 and July 2008, respectively. He also obtained an MBA from the University of Chinese Academy of Sciences (中國科學院大學) in the PRC in July 2014.

Independent Non-executive Directors

Mr. Ni Zhifeng (倪志峰), aged 53, is an independent non-executive Director. Mr. Ni is responsible for supervising and offering independent judgment to the Board.

Mr. Ni was with Changzhou Energy Equipment General Factory Co., Ltd. (常州能源設備總廠有限公司) in his early career from July 1993 to July 1996. He then joined Changzhou Changan Law Firm (常州市長安律師事務所) (currently known as Jiangsu Jinchangan Law Firm (江蘇金長安律師事務所)) as a lawyer from October 1996 to March 2005. Mr. Ni was a partner at Jiangsu Xinfeng Law Firm (江蘇鑫法律師事務所) from March 2005 to May 2021, before becoming a partner and the deputy director at Jiangsu Suzheng Law Firm (江蘇蘇正律師事務所) since July 2021.

In addition to his directorship at our Company, Mr. Ni held and holds directorships at several companies, including: (i) as an independent director at Changzhou Aohong Electronics Co., Ltd. (常州澳弘電子股份有限公司) (SSE: 605058) from December 2018 to December 2024; and (ii) as an independent director at Jiangsu Horizon New Energy Technology Co., Ltd. (江蘇厚生新能源科技有限公司) since July 2023.

Mr. Ni obtained a bachelor's degree in thermal energy engineering from Xi'an Jiaotong University (西安交通大學) in the PRC in July 1993. Mr. Ni was licensed to practice law in the PRC in September 1995.

Dr. Han Haiyong (韓海永), aged 54, is an independent non-executive Director. Dr. Han is responsible for supervising and offering independent judgment to the Board.

Dr. Han began his professional career at the Department of Molecular and Cellular Biology of the University of Arizona as a research assistant professor from August 2002 to March 2005. He then joined the Translational Genomics Research Institute (TGen) and successively served as (i) an associate investigator; (ii) an associate professor and investigator; and (iii) a professor and head of basic research for the pancreatic cancer program. TGen became affiliated with City of Hope in 2016 and later became part of the institution. Since 2022, Dr. Han has held a joint appointment as a professor in the Department of Molecular Diagnostics and Experimental Therapeutics at City of Hope. Beyond these roles, Dr. Han also holds an adjunct faculty appointment in the Department of Basic Medical Sciences at the College of Medicine-Phoenix of University of Arizona.

Dr. Han has been a co-founder and member of the scientific advisory board at Stromatis Pharma Inc. and a consultant of ImproveBio Inc., with both companies engaged in the R&D of novel anticancer therapies. He also held and has been holding memberships at various professional associations or academic groups, including (i) a member of the American Association for Cancer Research; (ii) a member of the Pancreatic Cancer Research Team; (iii) a member of the Arizona Cancer Center; and (iv) a member of the City of Hope Comprehensive Cancer Center.

Dr. Han obtained a bachelor's degree in biology from Zhejiang University in July 1992, a master's degree in genetics from the Institute of Genetics and Developmental Biology of Chinese Academy of Sciences (中國科學院遺傳與發育生物學研究所) in the PRC in July 1995, and a Ph.D. in molecular biology from the University of Texas at Austin in the U.S. in May 2000. He was also a postdoctoral fellow at the Arizona Cancer Center.

Mr. Siu Wing Hay (蕭永禧), aged 50, is an independent non-executive Director. Mr. Siu is responsible for supervising and offering independent judgment to the Board.

Mr. Siu started his career at Lippo Securities Limited (力寶證券有限公司) (currently known as Funderstone Securities Limited) as the executive of corporate finance department from September 1997 to October 1998. He then joined Horwath Capital Asia Limited (浩華融資亞洲有限公司) (currently known as Nouvelle Cayenna Innovation Limited) as a corporate finance officer from March 1999 to September 1999. From September 1999 to June 2011, he worked at Cinda International Capital Limited (信達國際融資有限公司), a company licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities and a subsidiary of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (SEHK: 1359), with his last position being executive director. He subsequently served at Messis Capital Limited (大有融資有限公司), a company licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities, from June 2011 to December 2016, where he held the position of managing director before joining Red Sun Capital Limited (紅日資本有限公司), a company licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities, as a managing director in January 2017.

In addition to his directorship at our Company, Mr. Siu served and has served as an independent non-executive director (i) at Janco Holdings Limited (駿高控股有限公司) (SEHK: 8035) from September 2016 to September 2019; and (ii) at Lai Si Enterprise Holding Limited (黎氏企業控股有限公司) (SEHK: 2266) since February 2022. He is also a proposed independent non-executive director at Sainte Nutritional Inc. (聖桐特醫(青島)營養健康科技股份公司).

Mr. Siu obtained a bachelor's degree in business administration from Hong Kong University of Science and Technology in Hong Kong in November 1997. He is also a member of the Association of Chartered Certified Accountants (ACCA), a certified public accountant by the Hong Kong Institute of Certified Public Accountants (HKICPA), a Certified Trust Practitioner (CTP) recognized by The Hong Kong Trustees' Association, and an executive council member of The Hong Kong Independent Non-Executive Director Association (HKiNED).

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Positions	Time of joining our Group	Time of appointment as a senior management	Roles and responsibilities
Dr. Shi Dongfang (史東方)	62	Chairperson of the Board, executive Director and chief executive officer	March 2012	March 2012	Responsible for leading the strategic planning, business direction, and overall management of our Group
Mr. Jin Wenqing (金文卿)	38	Executive Director, executive vice president and secretary of the Board	June 2015	June 2015	Responsible for managing the general operation, corporate governance, investment and financing planning and external strategic cooperation matters of our Group
Dr. Ullrich Schwertschlag	76	Senior vice president	March 2021	March 2021	Responsible for the clinical development and affairs overseas
Mr. Roy John Wu	71	Senior vice president	August 2019	August 2019	Responsible for the global business development of our Group
Ms. Fang Min (房敏)	50	Vice president	July 2025	July 2025	Responsible for the clinical development and affairs in China
Mr. Huang Kanlin (黃侃麟)	35	Chief financial officer	June 2022	June 2022	Responsible for financial and accounting management and capital operation

Dr. Shi Dongfang (史東方), aged 62, has been our chief executive officer since March 2012. For his biography, see "— Board of Directors — Executive Directors" in this section.

Mr. Jin Wenqing (金文卿), aged 38, has been our executive vice president since June 2015, and secretary of the Board since May 2025. For his biography, see "— Board of Directors — Executive Directors" in this section.

Dr. Ullrich Schwertschlag, aged 76, has been our vice president since March 2021. Dr. Schwertschlag is mainly responsible for the clinical development and affairs overseas.

Dr. Schwertschlag is an accomplished internist, pharmacologist and clinical pharmacologist. Earlier in his career, from 1988 to 2015, Dr. Schwertschlag assumed roles of increasing responsibility at major biopharmaceutical and biotech companies, including (i) as a clinical team leader, research physician and clinical pharmacologist at Eli Lilly and Company; (ii) as a senior director at Genetics Institute/Wyeth; (iii) as a senior director of translational medicine and clinical pharmacology at Tap; (iv) as a vice president of clinical R&D at Mersana Therapeutics, Inc.; and (v) as the chief medical officer at Semafore Pharmaceuticals, Inc. From November 2016 to September 2018, he worked at Quark Pharmaceuticals, followed by as an executive medical director at Alkahest Pharmaceuticals. Since 1996, Dr. Schwertschlag has been serving as an adjunct associate professor of immunology at Tufts University.

Dr. Schwertschlag obtained a M.D. from Heidelberg University in Germany in 1975, and a Ph.D. in biophysics and radiation biology from the University of Freiburg in Germany in 1976.

Mr. Roy John Wu, aged 71, has been our senior vice president in August 2019. Mr. Wu is mainly responsible for the global business development of our Group.

Mr. Wu's career in the pharmaceutical industry began in 1977 at Allergan Pharmaceuticals. Mr. Wu subsequently assumed roles of increasing responsibility at major biopharmaceutical and biotech companies, including (i) as a researcher role at Syntex Research from 1979 to 1983; (ii) as an assistant product planning manager at Syntex International from 1983 to 1989; (iii) as a director of R&D program planning and management for the Japan and Pacific Sector Regulatory Liaison at Syntex Corporation from 1989 to 1995; and (iv) as a vice president of business development at Kissei Pharma (USA) Inc. from 1997 to 2001. Mr. Wu was a vice president of business development at Genelabs Technologies, Inc. from 2001 to 2009, before serving as a senior vice president of business development at Novabay Pharmaceuticals Inc. (NYSE: NBY) from 2009 to 2015. Mr. Wu also consulted for NBY on business development from 2015 to 2016.

Mr. Wu obtained a bachelor's degree in biology from the University of San Francisco in the U.S. in January 1977, and an MBA from the School of Business at the University of San Francisco in the U.S., in August 1983.

Ms. Fang Min (房敏), aged 50, has been our vice president since July 2025. Ms. Fang is mainly responsible for the clinical development and affairs in China.

Ms. Fang started her career at Shaanxi Friendship Hospital (陝西友誼醫院) as a resident physician from August 2000 to July 2002. Earlier in her career, from 2004 to 2014, Ms. Fang held key roles in clinical development at Schering-Plough China Co., Ltd. (先靈葆雅(中國)有限公司) (a subsidiary of Schering-Plough Corporation (currently known as Merck & Co., Inc. (NASDAQ: MRK)), and GlaxoSmithKline (China) R&D Company Limited (a subsidiary of GSK plc (LSE: GSK; NYSE: GSK)). From January 2015 to September 2015, Ms. Fang served

as the director of global clinical operations and project management at BeiGene (Beijing) Co., Ltd. (百濟神州(北京)生物科技有限公司), a subsidiary of BeiGene, Ltd. (百濟神州有限公司) (SEHK: 6160; NASDAQ: BGNE; SSE: 688235). From October 2015 to April 2017, Ms. Fang served as a director of product development service and partnership (PDSP) at WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), a subsidiary of WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司) (SEHK: 2359; SSE: 603259). From April 2017 to October 2017, Ms. Fang served as a clinical medicine director at Centaurus BioPharma Co., Ltd. (北京賽林泰醫藥技術有限公司), before becoming the vice president of clinical medicine at Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司) (SEHK: 2509) from December 2017 to June 2025.

Ms. Fang obtained a bachelor's degree in clinical medicine from Xi'an Jiaotong University (西安交通大學) in the PRC in July 2000, and a master's degree in educational and training systems design from University of Twente in the Netherlands in August 2003.

Mr. Huang Kanlin (黃侃麟), aged 35, has been our chief financial officer since June 2022. Mr. Huang is mainly responsible for financial and accounting management and capital operation.

Mr. Huang started his career at KPMG Huazhen LLP as an assistant audit manager from October 2012 to April 2016. He then served as a senior manager in investment bank department at Soochow Securities Co., Ltd. (東吳證券股份有限公司) (SSE: 601555) from April 2016 to December 2018, followed by a role as an audit manager at Ernst & Young Hua Ming LLP from November 2019 to February 2021. Most recently, he was the deputy general manager and secretary of the board at Excellent Medical Technology Group Co., Ltd. (江蘇愛舍倫醫療科技集團股份有限公司) from April 2021 to May 2022.

Mr. Huang obtained a bachelor's degree in accounting from Nanjing University of Finance and Economics (南京財經大學) in the PRC in June 2012.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above and in "Appendix VI — Statutory and General Information," each of our Directors did not have (i) any existing or proposed service contract with our Company or any of its subsidiaries other than contracts expiring or determinable by the relevant member of our Company within one year without payment of compensation (other than statutory compensation), or (i) any interest in the Shares within the meaning of Part XV of the SFO, as of the Latest Practicable Date.

To the best knowledge, information and belief of the Directors having made all reasonable inquiries, save as disclosed above, there are no material matters relating to their appointment as a Director or senior management member that need to be brought to the attention of our Shareholders and there is no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Jin Wenqing (金文卿) was appointed as one of the joint company secretaries of our Company with effect from [**REDACTED**]. For his biography, see "— Board of Directors — Executive Directors" in this section.

Ms. Tsui Ka Yan (崔嘉欣) was appointed as one of the joint company secretaries of our Company with effect from [**REDACTED**]. Ms. Tsui is an assistant manager of listing services division in TMF Hong Kong Limited Limited and is responsible for providing corporate secretarial and compliance services for listed clients. She is currently responsible for providing corporate secretarial and compliance services to several Hong Kong public companies.

Ms. Tsui obtained a bachelor degree in business administration in accountancy from The City University of Hong Kong in July 2017. She is an Associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Company has established three committees under the Board in accordance with the relevant laws and regulations in Mainland China, the Articles and the code of corporate governance practices under the Listing Rules, including the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to (i) assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, (ii) overseeing the audit process, and (iii) performing other duties and responsibilities as assigned by our Board. The Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely, Mr. Siu Wing Hay, Mr. Tang Yanggang and Mr. Ni Zhifeng. Mr. Siu Wing Hay is the chairperson of the Audit Committee and holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific

remuneration packages of all Directors and senior management; and (iii) reviewing and approving remuneration proposals in accordance with the corporate policies and objectives resolved by our Board. The Remuneration and Appraisal Committee comprises three independent non-executive Directors, one executive Director and one non-executive Director, namely, Mr. Ni Zhifeng, Mr. Siu Wing Hay, Dr. Han Haiyong, Dr. Shi Dongfang and Mr. Li Xianxian. Mr. Ni Zhifeng is the chairperson of the Remuneration and Appraisal Committee.

Nomination Committee

We have established a Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to (i) reviewing the structure, size and composition of our Board, (ii) assessing the independence of independent non-executive Directors and (iii) making recommendations to our Board on matters relating to the appointment of Directors. The Nomination Committee comprises three independent non-executive Directors, one non-executive Director and one independent non-executive Director, namely, Dr. Han Haiyong. Mr. Ni Zhifeng, Mr. Siu Wing Hay, Ms. Chu Lingyuan and Mr. Jin Wenqing. Dr. Han Haiyong is the chairperson of the Nomination Committee.

CORPORATE GOVERNANCE CODE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**] except for code provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual.

The roles of chairperson of the Board and chief executive officer of our Company are currently performed by Dr. Shi. In view of Dr. Shi's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. Shi acting as both our chairperson of the Board and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Shi continues to act as both our chairperson of the Board and chief executive officer after the [**REDACTED**], and therefore currently do not propose to separate the functions of chairperson of the Board and chief executive officer. While this would constitute a deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises four independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. Shi and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among

other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether the separation of the roles of chairperson of the Board and chief executive officer is necessary.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and their potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of knowledge, skills and experience. We have three independent non-executive Directors who have different industry backgrounds. Furthermore, our Directors are of a wide range of age, from 36 to 62 years old. Taking into account our business model and specific needs as well as the presence of one female Director out of a total of nine Board members, we consider that the composition of our Board satisfies our Board Diversity Policy.

We recognize the particular importance of gender diversity on our Board. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our Board Diversity Policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim of increasing the proportion of female members over time after the [**REDACTED**]. In particular, taking into account the business needs of our Group and changing circumstances that may affect our business plans, we will actively identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be periodically reviewed by our Nomination Committee in order to develop a pipeline of potential successors to our Board and promote gender diversity. Additionally, female representatives of our investors are also considered as potential candidates for Board

appointments. We will also ensure that there is gender diversity when recruiting staff at the mid- to senior- levels so that we have a pipeline of female senior management and potential successors to our Board going forward. We plan to offer well-rounded trainings to female employees whom we consider have the requisite experience, skills and knowledge of our operation and business, on topics including but not limited to business operation, management, accounting and finance, and legal compliance. We are of the view that such strategies will provide our Board with ample opportunities to identify capable female employees to be nominated as Directors in the future, fulfilling our aim to develop a pipeline of female candidates to achieve greater gender diversity in our Board in the long run. We believe that such a merit-based selection process with reference to our diversity policy and the nature of our business will be in the best interests of our Company and our Shareholders as a whole. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectations and international and local recommended best practices.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [**REDACTED**], our Nomination Committee will review our Board Diversity Policy and its implementation annually to monitor its continued effectiveness and we will disclose the implementation of our Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the principal business operations of our Group are conducted in Mainland China, our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted], a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For further details, see "Waivers and Exemption — Management Presence in Hong Kong."

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular, or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(iii) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to our Company in accordance with Rule 13.10 of the Listing Rules

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of appointment of our Compliance Advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts and confidentiality and non-competition agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

Non-competition

Within two years from the date of the employee's departure and during the course of employment by our Group, they shall not, among others, directly or indirectly engage in, any business activities which are the same, similar or competitive with the business of our Group. In addition, the employee shall not take up any position or work for any other economic organization in any form, nor undertake all kinds of business privately during their employment with us. Depending on the seriousness of the case, we may, according to the internal rules and regulations, impose disciplinary actions on the employee until the termination of the contracts.

Confidentiality

The employee shall keep in confidence and shall not disclose our trade secrets, including but not limited to our technical information, operational information in confidence, other information that is deemed as confidential by our Group or our business partners and should be kept in confidence by our Group, and other information, that is disclosed to or obtained by

the employee directly or indirectly from our Company or other members of our Group until the date when the information is declared non-confidential or until the business secret is effectively disclosed to the public.

Service Invention

The intellectual property rights in any invention, work or non-patent technical result that is (i) resulted from performing employee duties or (ii) developed mainly using our material, technologies and information or (iii) developed within one year after employee departure relating to his/her duties or assignments during employment with us shall belong to us.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors and senior management members who receive remuneration from the Company are paid in forms of salaries and other benefits, discretionary bonuses, and retirement benefit scheme contributions. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, we take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, we also participate in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Group, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, the total amount of remuneration (including salaries, bonuses, and retirement benefit scheme contributions) and other benefits in kind (if applicable) paid to our Directors were RMB1.7 million, RMB2.4 million and RMB1.1 million, respectively.

According to existing effective arrangements, we estimate the total remuneration before taxation to be accrued to our Directors in kind for their service for the year ending December 31, 2025 to be approximately RMB2.6 million. The actual remuneration of our Directors in 2025 may be different from the expected remuneration.

For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, the total emoluments paid to the five highest paid individuals (excluding Directors) by us amounted to RMB4.6 million, RMB6.1 million and RMB3.1 million, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to our Directors or the five highest paid individuals.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals of our Group during the Track Record Period.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors may hold directorships from time to time.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 27, 2025 or September 2, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he have no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointments.

You should read the following discussion and analysis in conjunction with our historical financial information, together with the accompanying notes, included in the Accountants' Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not rely solely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual performance may differ materially from those anticipated in these forward-looking statements, as a result of various risks and uncertainties over which we do not have full control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a global innovator in the fields of metabolic and inflammatory diseases, focusing on major therapeutic areas. By driving innovation from the source, we are committed to developing globally competitive and commercially valuable therapies, achieving differentiated advancements that reshape relevant treatment landscape. Centered on gout and hyperuricemia, the largest chronic disease burden after the "three highs" (hypertension, hyperglycemia and hyperlipidemia), we have been the first globally to develop a treatment portfolio covering the full spectrum of gout patient care, comprehensively addressing indications including hyperuricemia, chronic gout, acute gout flares, tophus dissolution, and chronic kidney disease ("**CKD**") associated with hyperuricemia. Our independently developed Core Product, ABP-671 (lingdolinurad), is a potential best-in-class URAT1 inhibitor for first-line treatment both globally and in China. ABP-671 has demonstrated superior urate-lowering efficacy and notable safety advantages compared with currently available first-line therapies as well as major investigational drugs. It has also shown outstanding clinical benefits in further dissolving tophi, reducing urate crystal burden, and lowering the frequency of acute gout flares. These strengths position ABP-671 as a potential new standard of care for the treatment of gout and hyperuricemia.

Building on our foundational knowledge and deep understanding of systems biology and metabolomics in the fields of metabolism and inflammation, we have creatively established a drug discovery platform based on structure-metabolism analysis of the drug metabolic process. This platform enables structural optimization of existing drugs or entirely novel designs to develop both best-in-class and first-in-class candidates. Leveraging this core technology platform, we not only advanced ABP-671, but also generated subsequent assets such as ABP-745 and AT6616, which have demonstrated competitive preclinical and clinical data as well as therapeutic potential across multiple indications, with promising prospects for future development.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We had not been profitable and incurred operating losses during the Track Record Period. In 2023, 2024 and the six months ended June 30, 2025, we had total loss of RMB97.4 million, RMB434.1 million and RMB165.1 million, respectively. Our total loss for the year mainly resulted from research and development expenses, as well as administrative expenses.

Subsequent to the [**REDACTED**], we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, timeline and terms of potential collaboration with our partners, regulatory approval timeline and commercialization of our drug candidates.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). For the purpose of preparing and presenting the historical financial information for the Track Record Period, our Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period. The historical financial information includes the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance. For details, see Note 2, Note 3 and Note 4 to the Accountants' Report as set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our business and results of operations depend on our ability to successfully develop and commercialize our differentiated drug candidates, including our Core Product ABP-671 and key product ABP-745. As of the Latest Practicable Date, we had established a diverse and innovative pipeline comprising two clinical-stage products and multiple preclinical-stage candidates, targeting a range of prevalent chronic disorder and metabolic diseases, such as gout, hyperuricemia and other relevant diseases.

Our most advanced pipeline asset, ABP-671, a novel, highly selective and potent URAT1 inhibitor, is advancing through a Phase 2b/3 clinical trial in the U.S. for the treatment of gout and hyperuricemia and is also being developed in China for the same indications. We plan to further explore its therapeutic potential in CKD and refractory gout in both the U.S. and China. Our other clinical-stage candidate, ABP-745, a colchicine analogue, has progressed into a Phase 2 MRCT for acute gout flares, with the U.S. trial ongoing and trials in China and

Australia expected to commence in the third quarter of 2025. Preclinical studies have also shown that ABP-745 exhibits potential therapeutic activities against atherosclerosis and multiple rare diseases, further highlighting its clinical and commercial prospects. These advancements not only strengthen our pipeline but also position us to capitalize on significant commercialization opportunities as we progress toward bringing these therapies to market.

Although we currently have no product approved for commercial sale and have not generated any revenue from product sales, we expect to commercialize one or more of our drug candidates over the coming years as they progress through late-stage development. Our ability to generate revenue from our pipeline depends on a number of factors, including obtaining regulatory approvals, securing reliable and scalable manufacturing capabilities, forming effective collaborations with third-party commercialization partners, and ensuring our therapies are accessible, affordable, and well-accepted by patients in need of high-quality, differentiated solutions for chronic disorders and metabolic diseases.

Our Existing and Future Collaboration Arrangements

During the Track Record Period, we entered into a collaboration agreement with CMS under which we granted CMS the exclusive right to commercialize ABP-671 in the Territory for the treatment of gout and hyperuricemia. Under this arrangement, we are entitled to an upfront payment and potential future development milestone payments upon the achievement of specified events. In addition, under our collaboration arrangement with CMS, we are entitled to tiered revenue sharing from the commercialization of ABP-671, which is expected to contribute to our revenue and impact our financial condition upon the successful launch of ABP-671. For details, see "Business — Commercialization — Commercialization Arrangement with CMS on ABP-671." We may also enter into new collaboration and/or licensing arrangements to maximize the global value of our assets and provide capital support for further pipeline development and long-term growth. Our results of operations will be affected by the scope, timing and performance of these arrangements. The amount and timing of consideration we may receive are inherently uncertain and depend on factors such as development progress, regulatory outcomes, commercialization execution by our partners, pricing and reimbursement, and competitive dynamics.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which is primarily driven by research and development expenses. We believe that our ability to successfully develop innovative drug candidates is fundamental to our long-term competitiveness and is a key driver of our future growth. However, developing high-quality drug candidates requires substantial financial investments over an extended period. As part of our core strategy, we are committed to ongoing investment in R&D to support the advancement and expansion of our pipeline. Consequently, we have dedicated considerable financial resources to advancing the R&D of our clinical- and preclinical-stage drug candidates. In 2023, 2024 and the six months ended June 30, 2024 and 2025, our research and development expenses were RMB176.5 million, RMB338.1 million, RMB162.3 million and RMB73.8

million, respectively, accounting for 94.5%, 96.8%, 96.9% and 92.7% of our total operation expenses consisting of R&D expenses and administrative expenses for the same periods, respectively. For details, see "— Description of Selected Components of the Consolidated Statements of Loss and Other Comprehensive Expenses — Research and Development Expenses."

We expect our research and development expenses to continue to be a major component in our cost structure. As we further advance the development of our Core Product ABP-671, including its expansion into additional indications such as CKD and refractory gout, and progress ABP-745 through MRCT for acute gout flares, we expect to incur increased expenditures across key operational areas. These include, among others, clinical trial execution, preclinical and translational research, CMC activities, procurement of raw materials, as well as commercial readiness initiatives such as market preparation, regulatory engagement, and sales and marketing planning. In addition, as we expand our pipeline of preclinical-stage candidates, we anticipate continued R&D investment to support pipeline expansion and long-term growth.

The change in fair value of redemption liabilities on equity shares also had an impact on our financial position during the Track Record Period. We have recognized the equity shares that we issued in the several rounds of investments that we historically received as redemption liabilities at FVTPL. Upon [**REDACTED**], we do not expect to recognize any changes in fair value of such redemption liabilities on equity shares, as the redemption right will be automatically terminated upon [**REDACTED**], which we anticipate to allow us to turn into a net assets, rather than net liabilities, position.

We expect our cost structure to evolve as we continue to develop and expand our business. Beyond research and development expenses, we anticipate increasing administrative, legal, compliance, accounting, insurance and investor and public relations expenses associated with being a [**REDACTED**] in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing. Upon the successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with income generated from sales of our commercialized drug products. As our business continues to expand, we may require further funding through equity offerings, debt financing, out-license and collaboration arrangements, and other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations. For details, see "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates."

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

The preparation of historical financial statements in conformity with IFRSs requires our management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, that are believed to be reasonable under the circumstances, from which our actual results may differ.

Set out below is a summary of the material accounting policy information, judgements and estimates which we believe are most important for understanding our results of operations and financial condition. See Note 4 and Note 5 to the Accountants' Report set out in Appendix I to this document for a detailed description of our material accounting policy information, judgments and estimates.

Material Accounting Policy Information

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

Our Group performs impairment assessment under expected credit losses ("**ECL**") model on financial assets (including bank balances, funds in transit, term deposits, other receivables, long-term deposits and amounts due from related parties) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessments are done based on our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all the financial assets, our Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case our Group recognizes lifetime ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to our Group in accordance with the contract and the cash flows that our Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Our Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables, long-term deposits, and amounts due from related parties, where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the "other gains and losses, net" line item as part of the net foreign exchange gain/(loss).

Derecognition of financial assets

Our Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial Liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by our Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with our Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables and amounts due to a related party are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the "other gains and losses, net" line item in profit or loss as part of net foreign exchange gain (loss) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

Our Group derecognizes financial liabilities when, and only when, our Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, our Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of our Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

The following is the critical judgement, apart from those involving estimations (see below), that Directors have made in the process of applying our Group's accounting policies and that has the most significant effect on the amounts recognized in the consolidated financial statements.

Research and development expenses

Development expenses incurred on our Group's drug product pipelines are capitalized and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our Group's intention to complete and our Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalization. During the Track Record Period, all research and development costs are expensed when incurred.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months.

Fair value of redemption liabilities

Our Company has issued several series of financial liabilities to certain investors from incorporation as set out in Note 25 to the Accountants' Report set out in Appendix I to this document. Our Group accounted for these financial instruments as redemption liabilities at FVTPL. The fair value of these financial instruments is determined using valuation techniques, namely back-solve method/discount cash flow ("**DCF**") method and equity allocation model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as time to different scenarios, possibilities under different scenarios, the risk-free rate, volatility, discounts for lack of marketability ("**DLOM**"), dividend yield and discount rate used in back-solve method/DCF method and equity allocation model, which require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the redemption liabilities at FVTPL. As of December 31, 2023 and 2024 and June 30, 2025, the carrying amounts of redemption liabilities at FVTPL were RMB948.5 million, RMB1,214.5 million and RMB1,300.2 million, respectively.

DESCRIPTION OF SELECTED COMPONENTS OF THE CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE EXPENSES

The following table sets forth a summary of our consolidated statements of loss and other comprehensive expenses for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		For the six months ended June 30,	
	2023	2024	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Other income	11,180	7,718	4,871	1,813
Other gains and losses, net	78,229	(92,351)	(13,531)	(84,062)
Research and development expenses	(176,502)	(338,060)	(162,270)	(73,768)
Administrative expenses	(10,292)	(11,295)	(5,227)	(5,834)
[**REDACTED**] expenses	–	–	–	(3,230)
Finance costs	(37)	(71)	(46)	(18)
Loss before tax	**(97,422)**	**(434,059)**	**(176,203)**	**(165,099)**
Income tax expenses	–	–	–	–
Loss for the year/period	**(97,422)**	**(434,059)**	**(176,203)**	**(165,099)**
Other comprehensive income (expense)				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	183	(581)	(140)	193
Total comprehensive expense for the year/period	**(97,239)**	**(434,640)**	**(176,343)**	**(164,906)**

Other Income

During the Track Record Period, our other income mainly consisted of (i) interest income from long-term deposits, (ii) interest income from bank balances, (iii) interest income from term deposits, (iv) tax incentives and compensation, and (v) government grants.

The following table sets forth a breakdown of our other income in absolute amounts and as percentages of the total other income for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2023		2024		2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Interest income from long-term deposits[(1)]	840	7.5	1,657	21.5	718	14.7	948	52.3
Interest income from bank balances	2,075	18.6	3,517	45.6	2,706	55.6	563	31.0
Interest income from term deposits	3,847	34.4	1,137	14.7	707	14.5	286	15.8
Tax incentives and compensation	47	0.4	15	0.2	15	0.3	16	0.9
Government grants[(2)]	4,371	39.1	1,392	18.0	725	14.9	–	–
Total	**11,180**	**100.0**	**7,718**	**100.0**	**4,871**	**100.0**	**1,813**	**100.0**

Notes:

(1) The long-term deposits represent an upfront payment made to a CRO in accordance with the terms of a collaboration agreement. Under the agreement, the deposit will be refunded to us when certain collaborations are completed. Given the extended time horizon of the arrangement, the deposit is accounted for at amortized cost using the effective interest method. As such, interest income from long-term deposits reflects the increase in the deposits' book value over time, based on the expected timing and amount of future refunds from the CRO.

(2) Government grants refer to incentives granted by local government authorities, mainly for our R&D activities. Such government grants include both unconditional and conditional types. The unconditional government grants are recognized when payments were received, while the conditional government grants are recognized when conditions are met and the corresponding grants are received.

Other Gains and Losses, Net

During the Track Record Period, our other gains and losses, net mainly consisted of (i) gains arising from financial assets at FVTPL, (ii) net foreign exchange gains or losses, and (iii) fair value gains or losses on redemption liabilities at FVTPL.

The following table sets forth a breakdown of our net other gains and losses in absolute amounts and as percentages of the total net other gains and losses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2023		2024		2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Net foreign exchange gains (losses)	2,612	3.3	908	(1.0)	138	(1.0)	(354)	0.4
Fair value gains (losses) on redemption liabilities at FVTPL[(1)]	72,083	92.2	(98,055)	106.2	(16,038)	118.5	(85,713)	102.0
Fair value gain on financial assets at FVTPL[(2)]	3,536	4.5	4,781	(5.2)	2,369	(17.5)	2,005	(2.4)
Gain on early termination of leases	–	–	15	–	–	–	–	–
Loss on disposal of property, plant and equipment	(2)	–	–	–	–	–	–	–
Total	**78,229**	**100.0**	**(92,351)**	**100.0**	**(13,531)**	**100.0**	**(84,062)**	**100.0**

Notes:

(1) Redemption liabilities at FVTPL arise from the preferred shares issued by our Company under various financing agreements. These preferred shares include contractual redemption rights that allow investors to require our Company to repurchase their shares upon the occurrence of certain events. For details, see "— Description of Selected Items from the Consolidated Balance Sheets — Redemption Liabilities at FVTPL." The redemption liabilities are initially recognized and subsequently measured at fair value. Changes in fair value are recorded in profit or loss and reflect adjustments in our Company's valuation, probability of redemption or liquidation events, and other key assumptions used in the valuation models.

(2) Financial assets at FVTPL refer to structured deposits placed with licensed commercial banks in the PRC, which were with variable interest rates. Therefore, such structured deposits were accounted for as financial assets at FVTPL under IFRS 9. For details, see "— Description of Selected Items from the Consolidated Balance Sheets — Financial Assets at FVTPL."

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) trial and testing expenses, (ii) employee benefit expenses, (iii) consulting fees, (iv) patent application fees, (v) depreciation expense, and (vi) material costs.

The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2023		2024		2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Trial and testing expenses	157,568	89.3	312,871	92.5	150,017	92.4	64,207	87.0
Employee benefit expenses	9,182	5.2	10,787	3.2	5,748	3.5	5,518	7.5
Consulting fees[(1)]	5,066	2.9	9,190	2.7	3,519	2.2	1,987	2.7
Patent application fees[(2)]	2,714	1.5	3,323	1.0	1,879	1.2	1,375	1.9
Depreciation expenses	795	0.5	841	0.2	420	0.3	309	0.4
Material costs[(3)]	634	0.4	450	0.1	220	0.1	162	0.2
Others	543	0.3	598	0.2	467	0.3	210	0.3
Total	**176,502**	**100.0**	**338,060**	**100.0**	**162,270**	**100.0**	**73,768**	**100.0**

Notes:

(1) Consulting fees refer to the payments we made to external consultants for our R&D activities.

(2) Patent application fees refer to the expenses incurred for the application and maintenance of our patents and the engagement of professional, third-party patent agencies.

(3) Material costs refer to the expenses incurred for the procurement of materials used in our in-house R&D activities, such as CMC activities.

The following table sets forth a breakdown of our research and development expenses by products in absolute amounts and as percentages of the total research and development expenses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2023		2024		2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
ABP-671	155,121	87.9	283,501	83.9	135,788	83.7	63,086	85.6
ABP-745	16,561	9.4	47,742	14.1	23,944	14.8	7,192	9.7
Others	4,820	2.7	6,817	2.0	2,538	1.5	3,490	4.7
Total	**176,502**	**100.0**	**338,060**	**100.0**	**162,270**	**100.0**	**73,768**	**100.0**

During the Track Record Period, our research and development expenses were primarily devoted to the clinical development of ABP-671, our Core Product. In 2023, 2024, and the six months ended June 30, 2024 and 2025, our research and development expenses on ABP-671 amounted to RMB155.1 million, RMB283.5 million, RMB135.8 million, and RMB63.1 million, respectively. The decrease in research and development expenses for ABP-671 in the six months ended June 30, 2025, compared to the corresponding period in 2024, was consistent with the progression of its clinical development. Specifically, our research and development expenses for ABP-671 were higher in the first half of 2024 as we focused on patient enrollment and the execution of a Phase 2b/3 clinical trial, whereas during the first half of 2025 our efforts primarily shifted to data analysis, study completion, and preparation for regulatory communications related to the trial. As we continue to advance the Phase 2b/3 clinical trial, we expect to continue incurring significant research and development expenses related to ABP-671.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefit expenses, (ii) professional service fees, (iii) utilities and office expenses, and (iv) depreciation expenses.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2023		2024		2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Employee benefit expenses	3,836	37.3	5,102	45.2	2,052	39.2	3,380	57.9
Professional service fees[(1)]	4,742	46.1	4,575	40.5	2,408	46.1	1,463	25.1
Utilities and office expenses	797	7.7	958	8.5	383	7.3	518	8.9
Depreciation expenses	470	4.6	432	3.8	317	6.1	257	4.4
Others	447	4.3	228	2.0	67	1.3	216	3.7
Total	**10,292**	**100.0**	**11,295**	**100.0**	**5,227**	**100.0**	**5,834**	**100.0**

Note:

(1) Professional service fees refer to the payments we made to third-party providers for professional services, such as legal advisory, auditing, and other services.

Finance Costs

During the Track Record Period, our finance costs represented interest on lease liabilities. Our interest on lease liabilities refers to interests charged to profit or loss over the lease period for the lease of properties for which we made fixed or minimum rental payments. The difference between the actual amount of fixed rental payments we made and amount of principal portion of fixed rental payments is recorded as interest on lease liabilities under finance costs. In 2023, 2024, and the six months ended June 30, 2024 and 2025, our finance costs amounted to RMB37.0 thousand, RMB71.0 thousand, RMB46.0 thousand and RMB18.0 thousand, respectively.

Income Tax Expense

We did not record any income tax expenses throughout the Track Record Period.

Under the Law on Enterprise Income Tax (the "**EIT Law**") of the PRC and Implementation Regulation of the EIT Law of the PRC, the tax rate of our PRC subsidiaries was 25% during the Track Record Period. Pursuant to Caishui 2023 circular No. 7, our Company enjoyed super deduction of 200% on qualified research and development expenditures during the Track Record Period.

Under the relevant EIT Law of Australia, the tax rate for our Australian subsidiary was 25% during the Track Record Period.

Under the relevant EIT Law in the U.S., the tax rate for our U.S. subsidiary was 21% from its incorporation.

No provision for taxation in the PRC, Australia and the U.S. has been made as our Company and our subsidiaries had no taxable profit during the Track Record Period.

Loss for the Year/Period

As a result of the foregoing, we incurred losses of RMB97.4 million, RMB434.1 million, RMB176.2 million and RMB165.1 million in 2023, 2024, and the six months ended June 30, 2024 and 2025, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Other Income

Our other income decreased by 62.8% from RMB4.9 million in the six months ended June 30, 2024 to RMB1.8 million in the six months ended June 30, 2025, primarily due to (i) a total reduction of RMB2.3 million in interest income from bank balances, term deposits and long-term deposits, attributable to cash outflows for daily operations and a lower interest rate environment, and (ii) a decrease of RMB0.7 million in government grants, mainly attributable to reduced grants received in line with the clinical development cadence of ABP-671.

Other Gains and Losses, Net

We incurred net other losses of RMB13.5 million in the six months ended June 30, 2024, primarily due to the fair value loss on financial assets at FVTPL of RMB16.0 million in relation to the fair value change of our preferred shares. We incurred net other losses of RMB84.1 million in the six months ended June 30, 2025, primarily driven by the fair value loss on redemption liabilities at FVTPL of RMB85.7 million in relation to the fair value change of our preferred shares.

Research and Development Expenses

Our research and development expenses decreased by 54.5% from RMB162.3 million in the six months ended June 30, 2024 to RMB73.8 million in the six months ended June 30, 2025, primarily in line with the clinical development status of ABP-671 and ABP-745. Specifically, our research and development expenses for ABP-671 were higher in the first half of 2024 as we focused on patient enrollment and the execution of a Phase 2b/3 clinical trial, whereas during the first half of 2025 our efforts primarily shifted to data analysis, study completion, and preparation for regulatory communications related to the trial. In addition, we initiated a Phase 1 clinical trial for ABP-745 in January 2024 and completed it in July 2024, leading to a reduction in related research and development expenses in the six months ended June 30, 2025 compared to the same period in 2024. Going forward, in line with our clinical development plans, we expect to continue advancing ABP-671 and ABP-745, and therefore anticipate incurring significant R&D expenses in the future.

Administrative Expenses

Our administrative expenses increased by 11.6% from RMB5.2 million in the six months ended June 30, 2024 to RMB5.8 million in the six months ended June 30, 2025, primarily due to an increase of RMB1.3 million in employee benefit expenses, reflecting the addition of administrative staff to support our operations and higher bonuses during the period, offset by a decrease of RMB0.9 million in professional services fees primarily due to lower legal advisory service fees.

Finance Costs

Our finance costs decreased by 60.9% from RMB46.0 thousand in the six months ended June 30, 2024 to RMB18.0 thousand in the six months ended June 30, 2025, primarily due to the progressive fulfillment of certain lease agreements as their lease terms neared completion during the period.

Loss for the Period

For the reasons discussed above, our loss for the period decreased by 6.3% from RMB176.2 million in the six months ended June 30, 2024 to RMB165.1 million in the six months ended June 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Other Income

Our other income decreased by 31.0% from RMB11.2 million in 2023 to RMB7.7 million in 2024, primarily due to (i) a decrease of RMB3.0 million in government grants, mainly attributable to reduced grants received in line with the clinical development plan of ABP-671, and (ii) a decrease of RMB1.9 million in interest income from term deposits and long-term deposits, primarily attributable to a reduced principal balance of term deposits, in connection with funding requirements for our daily operations.

Other Gains and Losses, Net

We incurred net other gains of RMB78.2 million in 2023, primarily due to the fair value gain on redemption liabilities at FVTPL of RMB72.1 million in relation to the fair value change of our preferred shares. We incurred net other losses of RMB92.4 million in 2024, primarily driven by the fair value loss on redemption liabilities at FVTPL of RMB98.1 million in relation to the fair value change of our preferred shares.

Research and Development Expenses

Our research and development expenses increased by 91.5% from RMB176.5 million in 2023 to RMB338.1 million in 2024, primarily due to an increase in trial and testing expenses, resulting from the advancement of clinical trial related to our Core Product ABP-671 and key product ABP-745. This increase was mainly attributable to the initiation of overseas Phase 2b/3 and domestic Phase 2b clinical trials of ABP-671 in the fourth quarter of 2023, as well as the commencement of the Phase 1 clinical trial of ABP-745 in the U.S. in the first half of 2024.

Administrative Expenses

Our administrative expenses increased by 9.7% from RMB10.3 million in 2023 to RMB11.3 million in 2024, primarily due to higher employee benefit expenses, resulting from salary increases and a slight increase in headcount.

Finance Costs

Our finance costs increased by 91.9% from RMB37.0 thousand in 2023 to RMB71.0 thousand in 2024, primarily due to the renewal of our office lease in November 2023.

Loss for the Year

For the reasons discussed above, our loss for the year increased by 345.5% from RMB97.4 million in 2023 to RMB434.1 million in 2024.

DESCRIPTION OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The following table sets forth a summary of our consolidated balance sheets as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Non-current assets			
Property and equipment	1,327	743	517
Right-of-use assets	2,425	900	844
Term deposits with an original maturity over one year	50,012	20,586	20,872
Other non-current assets	44,852	69,143	3,918
	98,616	91,372	26,151
Current assets			
Prepayments and other receivables	6,286	4,821	69,128
Financial assets at FVTPL	203,569	160,992	225,489
Amounts due from related parties	–	2,794	2,794
Term deposits with an original maturity over three months but within one year	150,904	–	–
Bank balances and cash	89,831	117,609	55,036
	450,590	286,216	352,447

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Current liabilities			
Trade and other payables	27,486	34,957	35,227
Amounts due to a related party	625	–	–
Lease liabilities	902	552	666
Redemption liabilities at FVTPL	948,514	1,214,469	1,300,182
	977,527	1,249,978	1,336,075
Net current assets	**(526,937)**	**(963,762)**	**(983,628)**
Total assets less current liabilities	**(428,321)**	**(872,390)**	**(957,477)**
Non-current liabilities			
Lease liabilities	1,459	317	136
Deferred income	8,589	–	–
Other non-current liabilities	–	–	80,000
	10,048	317	80,136
Net liabilities	**(438,369)**	**(872,707)**	**(1,037,613)**
Capital and reserves			
Paid-in capital/share capital	42,403	45,251	45,251
Reserves	(480,772)	(917,958)	(1,082,864)
Total deficit	**(438,369)**	**(872,707)**	**(1,037,613)**

Other Non-Current Assets

During the Track Record Period, our other non-current assets primarily consisted of (i) long-term deposits, from which partial payments were made to a CRO for R&D activities, and (ii) value-added tax ("**VAT**") recoverable, representing the amount of VAT we paid on purchases or expenses.

The following table sets forth the details of our other non-current assets as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Long-term deposits	41,735	67,655	1,454
VAT recoverable	3,117	1,488	2,464
Total	**44,852**	**69,143**	**3,918**

Our other non-current assets increased by 54.2% from RMB44.9 million as of December 31, 2023 to RMB69.1 million as of December 31, 2024, primarily driven by an increase in prepaid deposits made to a CRO in preparation for the commencement of pivotal clinical trials. Our other non-current assets decreased by 94.3% from RMB69.1 million as of December 31, 2024 to RMB3.9 million as of June 30, 2025, primarily due to reclassification of a deposit paid to a CRO from non-current to current, as its remaining maturity became less than one year over time. See also "— Prepayments and Other Receivables."

Prepayments and Other Receivables

During the Track Record Period, our prepayments and other receivables primarily consisted of (i) long-term deposits receivable within one year, representing the payments made to CROs for R&D activities that will be refunded when certain collaborations are completed and (ii) prepayments for purchase of materials and R&D services.

The following table sets forth the details of our prepayments and other receivables as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Long-term deposits receivable within one year	490	–	66,971
Prepayments for purchase of materials and research and development services	5,731	8	1,429
Output VAT receivables	–	4,800	–
Deferred issue costs	–	–	678
Deposits	6	6	43
Other receivables	51	3	3
Goods and service tax recoverable	8	4	4
Total	**6,286**	**4,821**	**69,128**

Our prepayments and other receivables decreased by 23.3% from RMB6.3 million as of December 31, 2023 to RMB4.8 million as of December 31, 2024, primarily due to a decrease in advanced prepayments made to CROs and other service providers resulting from the progressive utilization of prepayments made under several development contracts signed with CROs in 2023, as these prepayments were gradually offset against services provided by the CROs during 2024 in line with the progress of our clinical trials. Such decrease was offset by an increase in output VAT receivables, primarily due to an upfront payment received from the commercialization collaboration. Our prepayments and other receivables increased significantly from RMB4.8 million as of December 31, 2024 to RMB69.1 million as of June 30, 2025, primarily driven by (i) an increase in long-term deposits receivable within one year, as a result of the reclassification of a deposit paid to a CRO from non-current to current, as its remaining maturity became less than one year over time, and (ii) an increase in prepayments made to a supplier for the purchase of R&D materials in preparation for our planned domestic Phase 2b/3 clinical trial of ABP-671 and MRCT clinical trial of ABP-745 in the second half of 2025.

As of July 31, 2025, RMB1.4 million, or 2.0%, of our prepayments and other receivables as of June 30, 2025 had been subsequently settled or utilized. The relatively low percentage was mainly because most of the prepayments related to our overseas Phase 2b/3 clinical trial of ABP-671 had not yet been settled or utilized as of July 31, 2025, and such balances are expected to be cleared upon the conclusion of the ongoing collaborations.

Financial Assets at FVTPL

During the Track Record Period, our financial assets at FVTPL represented structured deposits with maturity within one year we placed with licensed commercial banks in the PRC, with any changes in fair value recognized directly in profit or loss. See also "— Description of Selected Components of the Consolidated Statements of Loss and Other Comprehensive Expenses — Other Gains and Losses, Net." The structured deposits held by us were with variable interest rates and the indicative annual interest rates for the structured deposits ranged from 1.05% to 2.90%, 0.10% to 2.70% and 0.65% to 2.70% per annum as of December 31, 2023 and 2024 and June 30, 2025, respectively.

Our financial assets at FVTPL decreased by 20.9% from RMB203.6 million as of December 31, 2023 to RMB161.0 million as of December 31, 2024. Our financial assets at FVTPL increased by 40.1% from RMB161.0 million as of December 31, 2024 to RMB225.5 million as of June 30, 2025. The changes in the balances of our financial assets at FVTPL during the Track Record Period were primarily attributable to changes in the principal and interest of our structured deposits.

To monitor and control the investment risks associated with our financial assets at FVTPL portfolio, we have adopted a comprehensive set of internal policies and procedures to manage our investment in financial assets at FVTPL. Our investment strategies mainly include: (i) we minimize financial risks by matching the maturities of the portfolio with anticipated operating cash needs; (ii) investment is focused on products with low risk profile and high flexibility;

(iii) the proposed investment must not interfere with our business operations or capital expenditures; and (iv) the products held during their investment period should be managed by designated personnel, who are required to report to management on a monthly basis regarding the investment progress, profit or loss status, and risk control measures.

Our finance department is responsible for proposing, analyzing and evaluating potential investment in financial products and led by our financial manager with requisite expertise and experience for this purpose. Investment proposals are subject to review and approval by our chief executive officer.

After [**REDACTED**], we intend to continue our investments in the financial assets at FVTPL strictly in accordance with our internal policies and measures and the requirements under Chapter 14 of the Listing Rules.

Bank Balances and Cash/Term Deposits

During the Track Record Period, our bank balance and cash/term deposits primarily consisted of (i) bank balances, (ii) term deposits with maturity less than three months, (iii) term deposits with maturity over three months but within one year, and (iv) term deposits with maturity over one year. The following table sets forth the details of our bank balance and cash/term deposits as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Bank balances	37,831	117,609	52,036
Funds in transit	–	–	3,000
Term deposit with maturity less than three months	52,000	–	–
Cash and cash equivalents	**89,831**	**117,609**	**55,036**
Term deposits with maturity over three months but within one year	150,904	–	–
Term deposits with maturity over one year	50,012	20,586	20,872
Total	**290,747**	**138,195**	**75,908**

Our bank balance and cash/term deposits decreased by 52.5% from RMB290.7 million as of December 31, 2023 to RMB138.2 million as of December 31, 2024, and further decreased by 45.1% to RMB75.9 million as of June 30, 2025, primarily due to the funding requirements arising from our R&D activities and daily operations.

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily consisted of (i) trade payables for research and development expenses and accrued research and development expenses, representing amounts payable to CROs for R&D services, (ii) accrued staff costs and benefits, representing salaries and bonuses payable to our staff, (iii) accrued [**REDACTED**] expenses and issue costs, representing payables in connection with the proposed [**REDACTED**], and (iv) accrued consultants' costs, representing compensation payable to our R&D consultants.

The following table sets forth the details of our trade and other payables as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade payables for research and development expenses[(1)]	15,864	21,160	23,277
Accrued research and development expenses[(1)]	9,755	11,604	6,932
Accrued staff costs and benefits	1,084	1,271	801
Accrued [**REDACTED**] expenses and issue costs	–	–	3,908
Accrued consultants' costs	685	864	309
Other tax payables	98	42	–
Others	–	16	–
Total	**27,486**	**34,957**	**35,227**

Note:

(1) Both trade payables for research and development expenses and accrued research and development expenses represent amounts payable to CROs for R&D services. The difference is that the former relates to expenses for which invoices have already been received, whereas the latter represents amounts accrued based on the progress of services rendered but for which invoices have not yet been issued.

Our trade and other payables increased by 27.2% from RMB27.5 million as of December 31, 2023 to RMB35.0 million as of December 31, 2024, primarily driven by (i) an increase in trade and other payables for CRO services and other R&D activities and (ii) increased R&D personnel. Our trade and other payables remained stable at RMB35.0 million as of December 31, 2024 and RMB35.2 million as of June 30, 2025.

The following is an aged analysis of our trade and other payables presented based on the invoice dates as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Within 90 days	15,864	21,160	14,512
Over 90 days	–	–	8,765
Total	**15,864**	**21,160**	**23,277**

As of July 31, 2025, RMB10.8 million, or 46.5%, of our trade and other payables as of June 30, 2025 had been subsequently settled.

Redemption Liabilities at FVTPL

Our redemption liabilities at FVTPL arise from the preferred shares issued by our Company under various financing agreements. These preferred shares include contractual redemption rights that allow investors to require our Company to repurchase their shares upon failure to complete a qualified [**REDACTED**] or the occurrence of certain other events. As a result, these instruments do not meet the definition of equity and are classified as financial liabilities. The redemption liabilities are initially recognized and subsequently measured at fair value, with changes in fair value are recorded in profit or loss. See also "— Description of Selected Components of the Consolidated Statements of Loss and Other Comprehensive Expenses — Other Gains and Losses, Net."

Our redemption liabilities at FVTPL increased by 28.0% from RMB948.5 million as of December 31, 2023 to RMB1,214.5 million as of December 31, 2024, primarily reflecting the increase in proceeds received from our preferred shares financing during the year. Our redemption liabilities at FVTPL further increased by 7.1% to RMB1,300.2 million as of June 30, 2025.

Other Non-Current Liabilities

During the Track Record Period, our other non-current liabilities represented the refundable upfront payment in relation to the commercialization arrangement of the Core Product ABP-671 for the treatment of gout and hyperuricemia. For details, see "Business — Commercialization — Commercialization Arrangement with CMS on ABP-671." Our other non-current liabilities amounted to nil, nil and RMB80.0 million as of December 31, 2023 and 2024, and June 30, 2025, respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our primary uses of cash were to fund the preclinical and clinical development of our drug candidates and administrative expenses. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from equity financing. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. As of June 30, 2025, we had cash and cash equivalents of RMB55.0 million, term deposits of RMB20.9 million, financial assets at FVTPL of RMB225.5 million, and as of July 31, 2025, we had unutilized banking facilities of RMB100.0 million.

During the Track Record Period, we incurred negative cash flows from our operations and substantially all of our operating cash outflows resulted from our R&D and administrative activities. In 2023 and 2024, we had net cash used in our operating activities of RMB191.6 million and RMB368.4 million, respectively. In the six months ended June 30, 2025, we recorded net cash from our operating activities of RMB0.3 million for the six months ended June 30, 2025. We expect to generate more cash flow from our operating activities, through launching and commercializing our products, enhancing our cost containment capacity and operating efficiency, as well as potentially from collaboration and/or licensing arrangements. In order to bring to fruition our R&D objectives, we will ultimately need additional funding sources and there can be no assurances that they will be made available.

Current Assets and Liabilities

	As of December 31,		As of June 30,	As of July 31,
	2023	2024	2025	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*
Current assets				
Prepayments and other receivables	6,286	4,821	69,128	68,820
Financial assets at FVTPL	203,569	160,992	225,489	140,189
Amounts due from related parties	–	2,794	2,794	2,794
Term deposits with an original maturity over three months but within one year	150,904	–	–	–
Bank balances and cash	89,831	117,609	55,036	123,552
Total current assets	**450,590**	**286,216**	**352,447**	**335,355**

	As of December 31,		As of June 30,	As of July 31,
	2023	2024	2025	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(unaudited)*
Current liabilities				
Trade and other payables	27,486	34,957	35,227	45,839
Amounts due to a related party	625	–	–	–
Lease liabilities	902	552	666	654
Redemption liabilities at FVTPL	948,514	1,214,469	1,300,182	1,305,117
Total current liabilities	**977,527**	**1,249,978**	**1,336,075**	**1,351,610**
Net current liabilities	**(526,937)**	**(963,762)**	**(983,628)**	**(1,016,255)**

Our net current liabilities increased by 82.9% from RMB526.9 million as of December 31, 2023 to RMB963.8 million as of December 31, 2024, primarily due to (i) an increase in redemption liabilities at FVTPL, as we received proceeds from our preferred shares financing during the year and (ii) a decrease in financial assets at FVTPL, mainly attributable to changes in the principal and interest of our structured deposits, partially offset by an increase in bank balances and cash which was mainly attributable to cash flows in our operating, investing and financing activities.

Our net current liabilities increased by 2.1% from RMB963.8 million as of December 31, 2024 to RMB983.6 million as of June 30, 2025, primarily due to the increase in current assets, which are mainly attributable to (i) an increase in prepayments and other receivables, mainly attributable to the reclassification of a deposit paid to a CRO from non-current to current and an increase in prepayments made to a supplier for the purchase of R&D materials, and (ii) an increase in financial assets at FVTPL, mainly attributable to the increased principal and interest of our structured deposits, partially offset by a decrease in bank balances and cash which was mainly attributable to cash flows in our operating, investing and financing activities.

Our net current liabilities increased by 3.3% from RMB983.6 million as of June 30, 2025 to RMB1,016.3 million as of July 31, 2025, primarily due to (i) an increase in trade and other payables, mainly in line with our R&D progress for ABP-671 and ABP-745, and (ii) a decrease in Financial assets at FVTPL, mainly due to our redemption of structured deposits; partially offset by the increase in our bank balances and cash.

We recorded net current liabilities during the Track Record Period, primarily because our preferred shares issued to Pre-[**REDACTED**] Investors were recorded as current liabilities under redemption liabilities at FVTPL. These preferred shares will be converted into ordinary shares upon the [**REDACTED**], after which the amount of our redemption liabilities at FVTPL will be derecognized from our liabilities and recorded as equity, which can result in our Group turning into net current assets and net assets position. We expect to continue incurring significant expenses for the foreseeable future as we advance the development of our pipeline products, which will be funded primarily by a combination of our cash on hand, [**REDACTED**] from the [**REDACTED**], and future revenue from product sales (if applicable).

Working Capital Sufficiency

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

Although we recorded significant net current liabilities during the Track Record Period, the above view is primarily based on the reasons set out below:

- ***Cash on hand and potential cash inflow from our operations.*** We had (i) bank balance and cash/term deposits, including cash and cash equivalents and term deposits with initial term over three months (principal protected and available for early withdrawal at any time) and (ii) financial assets at FVTPL together amounting to RMB301.4 million as of June 30, 2025. Moreover, in anticipation of the upcoming commercialization of ABP-671 in China, we entered into a commercialization collaboration arrangement with CMS in December 2024. For details, see "Business — Commercialization — Commercialization Arrangement with CMS on ABP-671." We expect to generate revenue from the sales ABP-671 in the future, conditional upon its successful approval and commercialization.

- ***Conversion of preferred shares upon the*** [**REDACTED**]**.** As of June 30, 2025, we recorded RMB1,300.2 million in redemption liabilities at FVTPL, which were attributable to the preferred shares we issued to Pre-[**REDACTED**] Investors. These preferred shares will be converted into ordinary shares upon [**REDACTED**], after which our redemption liabilities at FVTPL, which were recorded as current liabilities during the Track Record Period, will be derecognized from our liabilities and recorded as equity, which can result in the Group turning into net current assets and net assets position. For details, see "— Description of Selected Items from the Consolidated Balance Sheets — Redemption Liabilities at FVTPL."

- ***Unutilized banking facilities.*** As of July 31, 2025, we had unutilized banking facilities of RMB100.0 million granted by a reputable commercial bank in the PRC. These facilities are available to us and can be drawn down to support our working capital needs as and when required. The availability of such facilities provides us with additional liquidity and financial flexibility to fund our R&D activities and daily operations.

- [**REDACTED**] ***from the*** [**REDACTED**]**.** We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range stated in this document. For details on intended use of our [**REDACTED**] form the [**REDACTED**], see "Future Plans and [**REDACTED**]."

- ***Cash burn rate.*** Our cash burn rate refers to the average monthly amount of cash used in operating activities, property and equipment and lease payments. We had (i) cash and cash equivalents of RMB55.0 million; (ii) financial assets at FVTPL of RMB225.5 million; and (iii) term deposits of RMB20.9 million as of June 30, 2025 and we received the final payment of RMB67.5 million from the Series D Financing in August 2025 (collectively, the "**Existing Internal Resources**"). We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-end of the indicative [**REDACTED**] range stated in this document and the [**REDACTED**] is not exercised. Assuming an average cash burn rate going forward of 1.2 times the level during the Track Record Period, and on the basis of our Existing Internal Resources as set out above, we estimate that we will be able to maintain our financial viability for [**REDACTED**] months, or if we take into account the [**REDACTED**] from the [**REDACTED**] (based on the low-end of the [**REDACTED**] range and assuming the [**REDACTED**] is not exercised), [**REDACTED**] months. Our Directors and management team will continue to monitor our working capital, cash flows, and our business development progress.

Cash Flows

The following table sets forth the components of our consolidated statements of cash flows for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2023	2024	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)* *(unaudited)*	*(RMB'000)*
Operating cash flow before movements in working capital	(176,201)	(340,838)	(162,573)	(81,012)
Changes in working capital	(15,370)	(27,594)	(33,851)	81,348
Net cash (used in)/from operating activities	(191,571)	(368,432)	(196,424)	336
Net cash (used in)/from investing activities	(145,148)	228,823	276,869	(62,577)
Net cash from/(used in) financing activities	316,325	167,454	40,277	(319)
Net (decrease)/increase in cash and cash equivalents	(20,394)	27,845	120,722	(62,560)
Cash and cash equivalents at beginning of the year/period	109,423	89,831	89,831	117,609
Effect of foreign exchange rate changes	802	(67)	36	(13)
Cash and cash equivalents at the end of the year/period	**89,831**	**117,609**	**210,589**	**55,036**

Net Cash Flows (Used in)/From Operating Activities

In the six months ended June 30, 2025, we had net cash from operating activities of RMB0.3 million, which was primarily attributable to our loss before tax of RMB165.1 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included an increase in other non-current liabilities of RMB80.0 million and an decrease in other non-current assets of RMB65.2 million, and (ii) negative adjustments, which primarily included an increase in prepayments and other receivables of RMB64.3 million.

In 2024, we had net cash used in operating activities of RMB368.4 million, which was primarily attributable to our loss before tax of RMB434.1 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included an increase in trade and other payables of RMB7.2 million and a decrease in prepayments and

other receivable of RMB1.5 million, and (ii) negative adjustments, which primarily included an increase in other non-current assets of RMB24.3 million, a decrease in deferred income of RMB8.6 million and an increase in amounts due from related parties of RMB2.8 million.

In 2023, we had net cash used in operating activities of RMB191.6 million, which was primarily attributable to our loss before tax of RMB97.4 million adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included an increase in trade and other payables of RMB24.1 million and an increase in deferred income of RMB1.5 million, and (ii) negative adjustments, which primarily included an increase in prepayments and other receivables of RMB3.8 million and an increase in other non-current assets of RMB37.8 million.

Net Cash Flows Generated from/Used in Investing Activities

In the six months ended June 30, 2025, we had net cash used in investing activities of RMB62.6 million, primarily attributable to purchases of financial assets at FVTPL of RMB665.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB602.5 million.

In 2024, we had net cash generated from investing activities of RMB228.8 million, primarily attributable to (i) proceeds from disposal of financial assets at FVTPL of RMB1,000.8 million, partially offset by purchases of financial assets at FVTPL of RMB953.4 million and (ii) withdraw of term deposits of RMB180.0 million.

In 2023, we had net cash used in investing activities of RMB145.1 million, primarily attributable to (i) purchases of financial assets at FVTPL of RMB522.0 million and (ii) placement of term deposits of RMB200.0 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB514.0 million and (ii) withdrawal of term deposits of RMB60.0 million.

Net Cash Flows Generated from/Used in Financing Activities

In the six months ended June 30, 2025, we had net cash used in financing activities of RMB319.0 thousand, primarily attributable to the repayment of lease liabilities of RMB301.0 thousand.

In 2024, we had net cash generated from financing activities of RMB167.5 million, primarily attributable to proceeds from issue of Series D capitals of RMB167.9 million.

In 2023, we had net cash generated from financing activities of RMB316.3 million, primarily attributable to proceeds from issue of Series D capital of RMB316.8 million.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2023	2024	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Costs relating to research and development of our Core Product				
Staff cost	7,445	6,998	3,404	4,068
Trial and testing expenses	119,766	269,519	154,474	45,031
Raw materials and others	5,367	6,703	2,122	11,586
Subtotal	132,578	283,220	160,000	60,685
Costs relating to research and development of our other drug candidates				
Staff cost	2,298	4,165	1,980	1,924
Trial and testing expenses	19,349	49,134	23,858	7,504
Raw materials and others	22	433	240	2,960
Subtotal	21,669	53,732	26,078	12,388
Total	**154,247**	**336,952**	**186,078**	**73,073**
Workforce employment costs	2,036	4,737	1,877	4,048
Non-income taxes, royalties and other governmental charges	75	121	79	42
Contingency allowances	–	–	–	–

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated.

	As of December 31,		As of June 30,	As of July 31,
	2023	2024	2025	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*
Lease liabilities	2,361	869	802	740
Redemption liabilities at FVTPL	948,514	1,214,469	1,300,182	1,305,117
Total	**950,875**	**1,215,338**	**1,300,984**	**1,305,857**

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

Our Directors confirm that there has not been any material change in our indebtedness since June 30, 2025 and up to the date of this document. Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no material breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

In 2023, 2024 and the six months ended June 30, 2025, we incurred capital expenditures of RMB26.0 thousand, RMB2.0 thousand, and RMB48.0 thousand, respectively, in connection with purchase of property and equipment.

We funded our capital expenditure requirements during the Track Record Period mainly from private equity financing. We plan to finance our future capital expenditures primarily with our existing cash as well as [**REDACTED**] from the [**REDACTED**]. For details, see "Future Plans and [**REDACTED**]." We may reallocate the funds to be utilized on capital expenditures based on our ongoing business needs.

CAPITAL COMMITMENTS

As of December 31, 2023 and 2024 and June 30, 2025, we did not have any material capital commitments.

CONTINGENT LIABILITIES

As of December 31, 2023 and 2024 and June 30, 2025, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have, during the years or periods presented, and we do not currently have, any off-balance sheet arrangements such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

KEY FINANCIAL RATIO

The following table set forth our key financial ratio as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
Current ratio[(1)]	0.5	0.2	0.3

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with related parties in accordance with the terms agreed with the counterparties. For details of our transactions with related parties and outstanding balances with related parties during the Track Record Period, see Note 30 to the Accountants' Report as set out in Appendix I to this document. Our Directors confirm that all related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Our operations are subject to multiple financial risks, particularly market risk (including currency risk and interest rate risk), credit risk and liquidity risk as detailed below. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, see Note 32 to the Accountants' Report as set out in Appendix I to this document.

Market Risk

Currency Risk

Certain financial assets and liabilities are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details, including relevant sensitivity analysis, see Note 32 to the Accountants' Report as set out in Appendix I to this document.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to lease liabilities and cash flow interest rate risk in relation to bank balances and term deposits. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise. We consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances and term deposits is insignificant because the current market interest rates are relatively low and stable. For further details, see Note 32 to the Accountants' Report as set out in Appendix I to this document.

Other Price Risk

We are exposed to other price risk arising from redemption liabilities at FVTPL. For further details, including relevant sensitivity analysis, see Note 32 to the Accountants' Report as set out in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to other receivables, long-term deposits, bank balances and term deposits. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets. For more details, see Note 32 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. For more details, including the remaining contractual maturity for our financial liabilities and lease liabilities based on agreed repayment terms, see Note 32 to the Accountants' Report as set out in Appendix I to this document.

DIVIDENDS

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder's meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our drug candidates as well as our earnings, capital requirements, overall financial condition and contractual restrictions. There is no assurance that dividends of any amount will be declared or distributed in any year. Currently, we do not intend to adopt a formal dividend

policy or a fixed dividend distribution ratio following the [**REDACTED**]. As confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we did not have any reserves available for distribution to our Shareholders.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimate [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] expenses consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**] commission, of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. During the Track Record Period, the [**REDACTED**] expenses charged to our consolidated statements of profit or loss were RMB3.2 million (HK$3.6 million) and the issue costs, which was recognized as prepayments and are expected to be deducted from equity upon the [**REDACTED**], were RMB[**REDACTED**] (HK$[**REDACTED**]). After the Track Record Period, approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high to our Group. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [**REDACTED**] ADJUSTED NET TANGIBLE ASSETS

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on the net tangible assets of our Group attributable to the owners of our Company as of June 30, 2025 as if the [**REDACTED**] had taken place on that date.

This unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as of June 30, 2025, or at any future dates following the [**REDACTED**].

For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since June 30, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report as set out in Appendix I to this document, and up to the date of this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" for a detailed description of our future plans.

[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] range stated in this document.

We currently intend to apply these [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the research and development of our Core Product, ABP-671, of which:

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to advance the Phase 2b/3 clinical trial of ABP-671 for gout and hyperuricemia in China as we expect to commence the Phase 3 part of the ongoing Phase 2b/3 clinical trial in the first quarter of 2026 and lock the database in the fourth quarter of 2026;

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to conduct the Phase 3 clinical trial of ABP-671 for refractory gout or tophaceous gout in the U.S. and Australia, which is expected to commence in the second quarter of 2026 after IND clearance; and

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to (i) conduct the Phase 2 clinical trial of ABP-671 for CKD associated with hyperuricemia in China, the U.S. and Australia, which is expected to commence in the first quarter of 2026 after IND clearance, and (ii) cover a portion of the expected expenses associated with a Phase 3 clinical trial under plan.

  For details of ABP-671's clinical development plan, see "Business — Our Product Pipeline — Core Product ABP-671: An Oral Small Molecule Inhibitor of URAT1 — Clinical Development Plan."

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the research and development of our key product, ABP-745, of which:

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the ongoing Phase 2 MRCT of ABP-745 for acute gout flares, which is expected to be completed in the second quarter of 2026, and for a portion of the expected expenses associated with the Phase 3 MRCT, which is expected to be commenced by the end of 2026. In the U.S., we enrolled the first patient in

September 2025. We plan to initiate the Phase 2 clinical trial in China in the third quarter of 2025. In Australia, the Phase 2 clinical trial is subject to ethics committee approval and is expected to commence in the third quarter of 2025;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the MRCT Phase 2 MRCT of ABP-745 for atherosclerosis. We plan to file the IND applications for Phase 2 clinical trial of ABP-745 in atherosclerosis in China, the U.S. and Australia in the fourth quarter of 2025; and

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the Phase 2 clinical trial of ABP-745 for certain rare diseases, the IND application of which is expected to be filed in the third quarter of 2026.

For details of ABP-745's clinical development plan, see "Business — Our Product Pipeline — ABP-745: An Oral Colchicine Analogue with Significant Safety Advantage — Clinical Development Plan."

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the continuous development of our technology platforms, the advancement of other existing pipeline assets, and the exploration and development of new drug candidates into the clinical trial stage, which are designed to broaden our competitive product portfolio and enhance our long-term R&D capabilities, and of which:

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to advance the development of our product pipeline, including the transition of candidates such as AT6616 into clinical development;

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to strengthen platforms for structure-metabolism-based drug discovery and apply AI-assisted drug design; and

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to recruit and cultivate innovative technology talents.

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

The above allocation of the [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] range stated in this document. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, being the high end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, being the low end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**].

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range). In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional [**REDACTED**] to the above purposes in the proportions stated above.

To the extent that the [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

The following is the text of a report set out on pages I-1 to I-58, received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ATOM THERAPEUTICS CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Atom Therapeutics Co., Ltd.* ("杭州新元素藥業股份有限公司") (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-58, which comprises the consolidated statements of financial position of the Group as at December 31, 2023 and 2024 and June 30, 2025, the statements of financial position of the Company as at December 31, 2023 and 2024 and June 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2024 and the six months ended June 30, 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-58 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *English name is for identification purpose only.*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2023 and 2024 and June 30, 2025, of the Company's financial position as at December 31, 2023 and 2024 and June 30, 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,		Six months ended June 30,	
		2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income	*7*	11,180	7,718	4,871	1,813
Other gains and losses, net	*8*	78,229	(92,351)	(13,531)	(84,062)
Research and development expenses		(176,502)	(338,060)	(162,270)	(73,768)
Administrative expenses		(10,292)	(11,295)	(5,227)	(5,834)
[**REDACTED**] expenses		–	–	–	(3,230)
Finance costs	*9*	(37)	(71)	(46)	(18)
Loss before tax	*10*	(97,422)	(434,059)	(176,203)	(165,099)
Income tax expense	*11*	–	–	–	–
Loss for the year/period		**(97,422)**	**(434,059)**	**(176,203)**	**(165,099)**
Other comprehensive income (expense)					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		183	(581)	(140)	193
Total comprehensive expense for the year/period		**(97,239)**	**(434,640)**	**(176,343)**	**(164,906)**
Loss per share					
– Basic and diluted (RMB yuan)	*13*	(4.95)	(21.70)	(8.83)	(8.23)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31, 2023	As at December 31, 2024	As at June 30, 2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property and equipment	*15*	1,327	743	517
Right-of-use assets	*16*	2,425	900	844
Term deposits with original maturity over one year	*21*	50,012	20,586	20,872
Other non-current assets	*18*	44,852	69,143	3,918
		98,616	91,372	26,151
Current assets				
Prepayments and other receivables	*19*	6,286	4,821	69,128
Financial assets at fair value through profit or loss ("FVTPL")	*20*	203,569	160,992	225,489
Amounts due from related parties	*30(ii)*	–	2,794	2,794
Term deposits with original maturity over three months but within one year	*21*	150,904	–	–
Cash and cash equivalents	*21*	89,831	117,609	55,036
		450,590	286,216	352,447
Current liabilities				
Trade and other payables	*22*	27,486	34,957	35,227
Amounts due to a related party	*30(ii)*	625	–	–
Lease liabilities	*23*	902	552	666
Redemption liabilities at FVTPL	*25*	948,514	1,214,469	1,300,182
		977,527	1,249,978	1,336,075
Net current liabilities		**(526,937)**	**(963,762)**	**(983,628)**
Total assets less current liabilities		**(428,321)**	**(872,390)**	**(957,477)**
Non-current liabilities				
Lease liabilities	*23*	1,459	317	136
Deferred income	*24*	8,589	–	–
Other non-current liabilities	*26*	–	–	80,000
		10,048	317	80,136
Net liabilities		**(438,369)**	**(872,707)**	**(1,037,613)**
Capital and reserves				
Paid-in capital/share capital	*27*	42,403	45,251	45,251
Reserves		(480,772)	(917,958)	(1,082,864)
Total deficit		**(438,369)**	**(872,707)**	**(1,037,613)**

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31, 2023	As at December 31, 2024	As at June 30, 2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	*15*	1,324	742	516
Right-of-use assets	*16*	2,372	872	829
Interests in subsidiaries	*17*	27,168	32,349	32,349
Term deposits with original maturity over one year	*21*	50,012	20,586	20,872
Other non-current assets	*18*	44,852	66,739	2,464
		125,728	121,288	57,030
Current assets				
Prepayments and other receivables	*19*	6,251	4,810	68,069
Financial assets at FVTPL	*20*	203,569	160,992	225,489
Amounts due from related parties	*30(ii)*	–	2,794	2,794
Term deposits with original maturity over three months but within one year	*21*	150,904	–	–
Cash and cash equivalents	*21*	83,145	114,008	54,156
		443,869	282,604	350,508
Current liabilities				
Trade and other payables	*22*	27,476	34,340	33,637
Amounts due to a related party	*30(ii)*	625	–	–
Lease liabilities	*23*	877	525	652
Redemption liabilities at FVTPL	*25*	948,514	1,214,469	1,300,182
		977,492	1,249,334	1,334,471
Net current liabilities		**(533,623)**	**(966,730)**	**(983,963)**
Total assets less current liabilities		**(407,895)**	**(845,442)**	**(926,933)**
Non-current liabilities				
Lease liabilities	*23*	1,432	317	136
Deferred income	*24*	8,589	–	–
Other non-current liabilities	*26*	–	–	80,000
		10,021	317	80,136
Net liabilities		**(417,916)**	**(845,759)**	**(1,007,069)**
Capital and reserves				
Paid-in capital/share capital	*27*	42,403	45,251	45,251
Reserves	*28*	(460,319)	(891,010)	(1,052,320)
Total deficit		**(417,916)**	**(845,759)**	**(1,007,069)**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Capital reserve	Share premium	Other reserve	Share-based payments reserve	Translation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	37,298	–	499,369	–	(527,108)	8,319	(41)	(348,547)	(330,710)
Loss for the year	–	–	–	–	–	–	–	(97,422)	(97,422)
Other comprehensive income for the year	–	–	–	–	–	–	183	–	183
Total comprehensive income (expense) for the year	–	–	–	–	–	–	183	(97,422)	(97,239)
Issue of Series D capitals *(Note 27)*	4,803	–	311,997	–	–	–	–	–	316,800
Capital injection of granted incentive awards *(Note 27)*	302	–	3,845	–	–	(3,845)	–	–	302
Recognition of redemption liabilities on Series D Financing *(Note 25)*	–	–	–	–	(316,800)	–	–	–	(316,800)
Deemed distribution to preferred shares investors arising from redemption liabilities on Series A+ Transfer Consideration *(Note)*	–	–	–	–	(10,722)	–	–	–	(10,722)
As at December 31, 2023	42,403	–	815,211	–	(854,630)	4,474	142	(445,969)	(438,369)
Loss for the year	–	–	–	–	–	–	–	(434,059)	(434,059)
Other comprehensive expense for the year	–	–	–	–	–	–	(581)	–	(581)
Total comprehensive expense for the year	–	–	–	–	–	–	(581)	(434,059)	(434,640)
Issue of Series D capitals *(Note 27)*	2,546	–	165,354	–	–	–	–	–	167,900
Capital injection of granted incentive awards *(Note 27)*	302	–	3,845	–	–	(3,845)	–	–	302
Recognition of redemption liabilities on Series D Financing (*Note 25*)	–	–	–	–	(167,900)	–	–	–	(167,900)
As at December 31, 2024	45,251	–	984,410	–	(1,022,530)	629	(439)	(880,028)	(872,707)
Loss for the period	–	–	–	–	–	–	–	(165,099)	(165,099)
Other comprehensive income for the period	–	–	–	–	–	–	193	–	193
Total comprehensive income (expense) for the period	–	–	–	–	–	–	193	(165,099)	(164,906)
Conversion into a joint stock company *(Note 27)*	(45,251)	45,251	(984,410)	402,375	–	(629)	–	582,664	–
As at June 30, 2025	–	45,251	–	402,375	(1,022,530)	–	(246)	(462,463)	(1,037,613)

	Paid-in capital	Share capital	Capital reserve	Share premium	Other reserve	Share-based payments reserve	Translation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	42,403	–	815,211	–	(854,630)	4,474	142	(445,969)	(438,369)
Loss for the period	–	–	–	–	–	–	–	(176,203)	(176,203)
Other comprehensive expense for the period	–	–	–	–	–	–	(140)	–	(140)
Total comprehensive expense for the period	–	–	–	–	–	–	(140)	(176,203)	(176,343)
Issue of Series D capitals (*Note 25*)	613	–	39,787	–	–	–	–	–	40,400
Capital injection of granted incentive awards (*Note 27*)	302	–	3,845	–	–	(3,845)	–	–	302
Recognition of redemption liabilities on Series D Financing (*Note 25*)	–	–	–	–	(40,400)	–	–	–	(40,400)
As at June 30, 2024 (unaudited)	43,318	–	858,843	–	(895,030)	629	2	(622,172)	(614,410)

Note: In July 2023, two Series A+ Investors of the Company transferred their series A+ preferred shares to four series A+ transferees at the Series A+ Transfer Consideration (as defined in Note 25 to the Historical Financial Information) and the Company is liable for the special rights entitled to these transferees for the Series A+ Transfer Consideration including the redemption rights, liquidation preferences and anti-dilution rights. Therefore, the surplus of RMB10,722,000 between the fair value of the Series A+ Transfer Consideration and the fair value of the transferred series A+ preferred shares on the transfer date was regarded as the deemed distribution to certain preferred shares investors and recognised as "other reserve".

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
OPERATING ACTIVITIES				
Loss before tax for the year/period	(97,422)	(434,059)	(176,203)	(165,099)
Adjustments for:				
Depreciation of property and equipment	630	586	295	274
Depreciation of right-of-use assets	683	726	443	290
Gain on early termination of leases	–	(15)	–	–
Loss on disposal of property and equipment	2	–	–	–
Fair value gain on financial assets at FVTPL	(3,536)	(4,781)	(2,369)	(2,005)
Fair value (gain) loss on redemption liabilities at FVTPL	(72,083)	98,055	16,038	85,713
Finance costs	37	71	46	18
Interest income from term deposits with original maturity over three months	(3,847)	(1,137)	(707)	(286)
Net foreign exchange (gain) loss	(665)	(284)	(116)	83
Operating cash flow before movements in working capital	(176,201)	(340,838)	(162,573)	(81,012)
(Increase) decrease in prepayments and other receivables	(3,774)	1,465	(5,085)	(64,270)
Increase in amounts due from related parties	–	(2,794)	–	–
(Increase) decrease in other non-current assets	(37,766)	(24,291)	(24,801)	65,225
Increase (decrease) in trade and other payables	24,061	7,240	(3,813)	393
Increase (decrease) in amounts due to a related party	625	(625)	(625)	–
Increase (decrease) in deferred income	1,484	(8,589)	473	–
Increase in other non-current liabilities	–	–	–	80,000
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(191,571)	(368,432)	(196,424)	336

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
INVESTING ACTIVITIES				
Purchase of property and equipment	(26)	(2)	–	(48)
Proceeds on disposal of property and equipment	1	–	–	–
Payments for rental deposits	–	–	–	(37)
Withdraw of term deposits with original maturity over three months	59,965	180,000	180,000	–
Placement of term deposits with original maturity over three months	(200,000)	–	–	–
Interest received from term deposits with original maturity over three months	2,932	1,467	1,329	–
Proceeds from disposal of financial assets at FVTPL	513,980	1,000,758	425,540	602,508
Purchases of financial assets at FVTPL	(522,000)	(953,400)	(330,000)	(665,000)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(145,148)	228,823	276,869	(62,577)
FINANCING ACTIVITIES				
Interest paid	(37)	(71)	(46)	(18)
Repayments of lease liabilities	(740)	(677)	(379)	(301)
Proceeds from issue of Series D capitals	316,800	167,900	40,400	–
Capital injection of granted incentive awards	302	302	302	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	316,325	167,454	40,277	(319)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,394)	27,845	120,722	(62,560)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	109,423	89,831	89,831	117,609
Effect of foreign exchange rate changes	802	(67)	36	(13)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	89,831	117,609	210,589	55,036

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, formerly known as Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.* (江蘇新元素醫藥科技有限公司), was incorporated in the People's Republic of China (the "PRC") on March 9, 2012 as a limited liability company. On May 28, 2025, the Company was converted to a joint stock company with limited liability under the Company Law of the PRC. The respective address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document.

The Group is a biotechnology company focused on developing globally competitive and commercially valuable therapies in the fields of metabolic, inflammatory and cardiovascular diseases. Particulars and principal activities of the subsidiaries are disclosed in Note 34.

The Company did not have an ultimate controlling shareholder during the Track Record Period.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards.

The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 were prepared in accordance with Chinese Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Suzhou Genhood Certified Public Accountants Co., Ltd.* (蘇州君和誠信會計師事務所有限公司), a certified public accountant registered in the PRC.

Going concern assessment

The Group incurred losses continually during the Track Record Period due to the Group's drug candidates are currently at research and development stage. The Group recorded net current liabilities of RMB983,628,000 as at June 30, 2025, primarily due to the redemption liabilities at FVTPL of RMB1,300,182,000 arising from the financing with redemption feature from preferred shares investors and transferees as disclosed in Note 25 to the Historical Financial Information. Pursuant to a supplemental agreement of the shareholders agreement (the "Supplemental Agreement") entered into by the Company with, among others, the then shareholders of the Company dated August 15, 2025, the redemption rights have ceased to be effective from the date on which the first submission of application for an [**REDACTED**] of shares of the Company on the Main Board of the Stock Exchange (the "[**REDACTED**]") and shall be automatically resumed upon the occurrence of the earliest of the following events: (i) the application of the [**REDACTED**] not being accepted (including being rejected or returned); (ii) the Company withdrawing its application of the [**REDACTED**]; (iii) the Company failing to complete the [**REDACTED**] by December 31, 2027; or (iv) the [**REDACTED**] of the Stock Exchange not approving the application of the [**REDACTED**]. All the special rights granted to the preferred shares investors and transferees shall be automatically terminated upon the completion of the [**REDACTED**]. The directors of the Company, has taken into the account of their plan and progress of the [**REDACTED**] and the likelihood of the occurrence of these events, are of the opinion that the Company does not expect to settle the redemption liabilities in next twelve months from the date of this report.

[After the end of the reporting period and up to the date of this report, the Group had obtained unutilised bank facilities of RMB200,000,000] and received the remaining proceeds of RMB67,500,000 from issue of Series D capitals. The Group has prepared cash flow projections which cover a period over twelve months after June 30, 2025. The directors of the Company are of the opinion that, taking into account the Supplemental Agreement, unutilised bank facilities and the receipt of the remaining proceeds from issue of Series D capitals, the Group will have sufficient working capital to fund its operations and to meet its payment obligations for research and development contracts during the cash flow projection period. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

---

* *English name is for identification purpose only.*

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after January 1, 2026

3 Effective for annual periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interests in subsidiaries

Interests in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of apartments and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All the borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans including state-managed retirement benefit schemes in the PRC are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payment

Equity-settled share-based payment transactions

Restricted shares ("RS") granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and

liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Leasehold improvements in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than leasehold improvements under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment on property and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- cash, which comprises of cash on hand and demand deposits; and
- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including bank balances, funds in transit, term deposits, other receivables, long-term deposits and amounts due from related parties) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all the financial assets, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables, long-term deposits and amounts due from related parties, where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses, net" line item (Note 8) as part of the net foreign exchange gain (loss).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and amounts due to a related party are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses, net" line item in profit or loss (Note 8) as part of net foreign exchange gain (loss) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine whether the criteria are met for capitalisation. During the Track Record Period, all research and development costs are expensed when incurred.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months.

Fair value of redemption liabilities

The Company has issued several series of financial liabilities to certain investors from incorporation as set out in Note 25 to the Historical Financial Information. The Group accounted for these financial instruments as redemption liabilities at FVTPL. The fair value of these financial instruments is determined using valuation techniques, namely back-solve method/discount cash flow ("DCF") method and equity allocation model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as time to different scenarios, possibilities under different scenarios, the risk-free rate, volatility, discounts for lack of marketability ("DLOM"), dividend yield and discount rate used in back-solve method/DCF method and equity allocation model, which require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the redemption liabilities at FVTPL. As at December 31, 2023 and 2024 and June 30, 2025, the carrying amounts of redemption liabilities at FVTPL were RMB948,514,000, RMB1,214,469,000 and RMB1,300,182,000, respectively.

6. SEGMENT INFORMATION

Operating segments are identified on the basis of financial information about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), which is also identified as the chief executive officer of the Group, in order to allocate resources and to assess the performance.

During the Trade Record Period, the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single segment and no further analysis of the single segment is presented.

Geographical information

The Group has not generated any revenue during the Track Record Period.

As at December 31, 2023 and 2024 and June 30, 2025, almost all of the Group's non-current assets are located in the PRC.

7. OTHER INCOME

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Government grants *(Note)*	4,371	1,392	725	–
Tax incentives and compensation	47	15	15	16
Interest income from long-term deposits	840	1,657	718	948
Interest income from term deposits with original maturity over three months	3,847	1,137	707	286
Interest income from bank balances	2,075	3,517	2,706	563
	11,180	7,718	4,871	1,813

Note: The amount represents subsidies granted by the local government authorities as incentives mainly for the Group's research and development activities. The government grants including unconditional and conditional which had been approved by the local government authorities. The unconditional government grants are recognised when payments were received. The conditional government grants are recognised when condition met and the corresponding grants are received.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net foreign exchange gain (loss)	2,612	908	138	(354)
Fair value gain (loss) on redemption liabilities at FVTPL	72,083	(98,055)	(16,038)	(85,713)
Fair value gain on financial assets at FVTPL	3,536	4,781	2,369	2,005
Gain on early termination of leases	–	15	–	–
Loss on disposal of property, plant and equipment	(2)	–	–	–
	78,229	(92,351)	(13,531)	(84,062)

9. FINANCE COSTS

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	37	71	46	18

10. LOSS BEFORE TAX

Loss before tax for the year/period has been arrived at after charging:

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	630	586	295	274
Depreciation of right-of-use assets	683	726	443	290
Total depreciation	1,313	1,312	738	564
Auditors' remuneration	64	76	56	197
Directors' and supervisors' emoluments *(Note 12(a))*	2,041	2,776	1,162	1,295
Other staff costs:				
– salaries and other benefits	9,752	12,334	6,300	7,671
– discretionary bonus *(Note)*	356	82	–	–
– retirement benefit scheme contributions	487	697	338	387
Total staff costs (including directors' and supervisors' emoluments)	12,636	15,889	7,800	9,353

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

11. INCOME TAX EXPENSE

(i) Income tax expense:

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiary of the Company is 25% for the Track Record Period.

Pursuant to Caishui 2023 circular No. 7, the Company enjoyed super deduction of 200% on qualified research and development expenditures for the Track Record Period.

Under the relevant EIT Law of Australia, the tax rate of Atom Therapeutics Pty Ltd. is 25% for the Track Record Period.

Under the relevant EIT Law in United States of America (the "USA"), the tax rate of Atom Therapeutics America Inc. is 21% from its incorporation.

No provision for taxation in the PRC, Australia and the USA has been made as the Company and its subsidiaries have no taxable profit for the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(97,422)	(434,059)	(176,203)	(165,099)
PRC income tax rate at 25%	(24,356)	(108,515)	(44,051)	(41,275)
Tax effect of expenses that are not deductible for tax purpose	365	25,945	4,580	22,330
Tax effect of income not taxable for tax purpose	(19,110)	(183)	(181)	–
Tax effect of super deduction on research and development expenses	(19,910)	–	–	–
Tax effect of tax losses not recognised	62,079	85,260	39,436	66
Utilisation of tax losses previously not recognised	–	(223)	–	(884)
Tax effect of deductible temporary differences not recognised	932	–	216	20,000
Utilisation of deductible temporary differences previously not recognised	–	(2,284)	–	(237)
Income tax expense	–	–	–	–

(ii) Deferred taxation:

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	637	480	337
Deferred tax liabilities	(637)	(480)	(337)
	–	–	–

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

	Right-of-use assets	Fair value adjustment – financial assets at FVTPL	Lease liabilities	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount					
As at January 1, 2023	(113)	(253)	112	254	–
(Charge) credit to profit or loss	(507)	236	491	(220)	–
As at December 31, 2023	(620)	(17)	603	34	–
Credit (charge) to profit or loss	388	(231)	(380)	223	–
As at December 31, 2024	(232)	(248)	223	257	–
Credit (charge) to profit or loss	17	126	(20)	(123)	–
As at June 30, 2025	(215)	(122)	203	134	–

As at December 31, 2023 and 2024 and June 30, 2025, the Group had deductible temporary differences of RMB11,588,000, RMB2,450,000 and RMB81,502,000 respectively, which were not recognised as deferred tax assets as it is not probable that taxable profit will be available against which such deductible temporary differences can be utilised.

As at December 31, 2023 and 2024 and June 30, 2025, the Group had unused tax losses of RMB420,850,000, RMB774,378,000 and RMB770,671,000 respectively, available to offset against future profits. As at December 31, 2023 and 2024 and June 30, 2025, deferred tax assets have been recognised in respect of RMB134,000, RMB1,024,000 and RMB533,000 of certain losses, while deferred tax assets have not been recognised in respect of RMB420,716,000, RMB773,354,000 and RMB770,138,000 of the remaining losses due to the unpredictability of future profit streams. For these unrecognised tax losses, pursuant to the relevant laws and regulations in the PRC, these tax losses will be carried forward and expired in years as disclosed in the following table. As at December 31, 2023 and 2024 and June 30, 2025, the remaining tax losses in Australia of RMB5,045,000, RMB5,665,000 and RMB5,920,000 respectively may be carried forward indefinitely.

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2026	2,823	1,933	–
2027	55,782	55,782	54,179
2028	254,395	254,395	254,395
2029	22,420	375,328	375,328
2030	24,237	24,237	24,302
2031	56,014	56,014	56,014
	415,671	767,689	764,218

12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments paid or payable to the individuals who were appointed as directors, supervisors and the chief executive officer of the Company during the Track Record Period are as follows:

(a) Directors and supervisors

	Date of appointment	Director fees	Salaries and other benefits	Discretionary Bonuses *(Note (v))*	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2023						
Executive director and chief executive officer:						
Dr. Shi Dongfang	March 9, 2012	–	798	227	46	1,071
Executive director:						
Mr. Jin Wenqing ("Mr. Jin")	June 19, 2015	–	559	35	46	640
Non-executive directors (Note (ii)):						
Ms. Chu Liyuan *(Note (vi))*	May 31, 2017	–	–	–	–	–
Mr. Li Xianxian	May 31, 2017	–	–	–	–	–
Mr. Cao Yibo *(Note (xii))*	May 14, 2020	–	–	–	–	–
Mr. Chen Feng *(Note (vi))*	June 30, 2018	–	–	–	–	–
Mr. Jiang Chao	December 31, 2021	–	–	–	–	–
Mr. Tang Yanggang	January 18, 2020	–	–	–	–	–
Mr. Brian Zhenyuan Shi *(Note (vii))*	June 30, 2018	–	–	–	–	–
Supervisors:						
Ms. Yang Yan *(Note (x))*	July 31, 2023	–	297	24	9	330
Mr. Jiang Yu *(Note (ii)(viii))*	June 30, 2018	–	–	–	–	–
		–	1,654	286	101	2,041

	Date of appointment	Director fees	Salaries and other benefits	Discretionary Bonuses *(Note (v))*	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2024						
Executive director and chief executive officer:						
Dr. Shi Dongfang	March 9, 2012	–	1,113	457	47	1,617
Executive director:						
Mr. Jin	June 19, 2015	–	660	51	47	758
Non-executive directors (Note (ii):						
Ms. Chu Liyuan *(Note (vi))*	May 31, 2017	–	–	–	–	–
Ms. Chu Lingyuan	June 12, 2024	–	–	–	–	–
Mr. Li Xianxian	May 31, 2017	–	–	–	–	–
Mr. Chen Feng *(Note (vi))*	June 30, 2018	–	–	–	–	–
Mr. Tian Wenfeng *(Note (ix))*	April 10, 2024	–	–	–	–	–
Mr. Cao Yibo *(Note (xii))*	May 14, 2020	–	–	–	–	–
Mr. Huang Chunhui *(Note (xii))*	July 31, 2024	–	–	–	–	–
Mr. Jiang Chao	December 31, 2021	–	–	–	–	–
Mr. Tang Yanggang	January 18, 2020	–	–	–	–	–
Mr. Brian Zhenyuan Shi *(Note (vii))*	June 30, 2018	–	–	–	–	–
Supervisor:						
Ms. Yang Yan	July 31, 2023	–	335	25	41	401
		–	2,108	533	135	2,776
For the six months ended June 30, 2024 *(unaudited)*						
Executive director and chief executive officer:						
Dr. Shi Dongfang	March 9, 2012	–	602	–	23	625
Executive director:						
Mr. Jin	June 19, 2015	–	329	–	23	352
Non-executive directors (Note (ii)):						
Ms. Chu Liyuan *(Note (vi))*	May 31, 2017	–	–	–	–	–
Ms. Chu Lingyuan	June 12, 2024	–	–	–	–	–
Mr. Li Xianxian	May 31, 2017	–	–	–	–	–
Mr. Chen Feng *(Note (vi))*	June 30, 2018	–	–	–	–	–
Mr. Tian Wenfeng *(Note (ix))*	April 10, 2024	–	–	–	–	–
Mr. Cao Yibo *(Note (xii))*	May 14, 2020	–	–	–	–	–
Mr. Jiang Chao	December 31, 2021	–	–	–	–	–
Mr. Tang Yanggang	January 18, 2020	–	–	–	–	–
Mr. Brian Zhenyuan Shi *(Note (vii))*	June 30, 2018	–	–	–	–	–
Supervisor:						
Ms. Yang Yan	July 31, 2023	–	166	–	19	185
		–	1,097	–	65	1,162

	Date of appointment	Director fees	Salaries and other benefits	Discretionary Bonuses *(Note (v))*	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended June 30, 2025						
Executive director and chief executive officer:						
Dr. Shi Dongfang	March 9, 2012	–	610	–	23	633
Executive director:						
Mr. Jin	June 19, 2015	–	441	–	23	464
Non-executive directors (Note (ii)):						
Ms. Chu Lingyuan	June 12, 2024	–	–	–	–	–
Mr. Li Xianxian	May 31, 2017	–	–	–	–	–
Mr. Cao Yibo *(Note (xii))*	May 14, 2020	–	–	–	–	–
Mr. Huang Chunhui *(Note (xii))*	July 31, 2024	–	–	–	–	–
Mr. Jiang Chao	December 31, 2021	–	–	–	–	–
Mr. Tang Yanggang	January 18, 2020	–	–	–	–	–
Mr. Brian Zhenyuan Shi *(Note (vii))*	June 30, 2018	–	–	–	–	–
Mr. Yang Jianyuan *(Note (xii))*	May 28, 2025	–	–	–	–	–
Supervisor:						
Ms. Yang Yan	July 31, 2023	–	176	–	22	198
		–	1,227	–	68	1,295

Notes:

(i) None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.

(ii) The non-executive directors and Mr. Jiang Yu as the supervisor of the Company, are of the opinion that the service provided to the Group only occupy an insignificant portion of their time for the Track Record Period and therefore it is concluded that they are not remunerated for such services for the respective year/period.

(iii) During the Track Record Period, no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(iv) The executive directors' and supervisors' (except for Mr. Jiang Yu) emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company, respectively.

(v) The discretionary bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

(vi) Ms. Chu Liyuan and Mr. Chen Feng were resigned as the non-executive directors of the Company in April 2024.

(vii) Mr. Brian Zhenyuan Shi was resigned as the non-executive director of the Company in May 2025.

(viii) Mr. Jiang Yu was resigned as the supervisor of the Company in July 2023.

(ix) Mr. Tian Wenfeng was resigned as the non-executive director of the Company in July 2024.

(x) The emoluments paid or payable to Ms. Yang Yan for the year ended December 31, 2023 shown above were her full year emoluments, which included the emoluments paid or payable to her as an employee of the Group before the appointment of the supervisor.

(xi) Mr. Ni Zhifeng, Dr. Han Haiyong and Mr. Siu Wing Hay were appointed as the independent non-executive directors of the Company in September, 2025.

(xii) Mr. Cao Yibo, Mr. Huang Chunhui and Mr. Yang Jianyuan were resigned as the non-executive directors of the Company in September 2025.

(b) Five highest paid individuals

The five highest paid individuals of the Group included one, one, one and one director of the Company for the year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025 respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining four, four, four and four highest paid individuals for year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025 are as follows:

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other benefits	4,609	6,058	3,053	3,125

The emoluments of the five highest paid individuals for the Track Record Period are within the following bands:

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	No. of employees	*No. of employees*	*No. of employees (unaudited)*	*No. of employees*
Nil to Hong Kong Dollars ("HKD") 1,000,000	–	–	4	4
HKD1,000,001 to HKD1,500,000	5	1	1	1
HKD1,500,001 to HKD2,000,000	–	4	–	–
	5	5	5	5

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss				
Loss for the purpose of basic loss per share for the year/period attributable to owners of the Company	(97,422)	(434,059)	(176,203)	(165,099)

	'000	*'000*	*'000* *(unaudited)*	*'000*
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share *(Note)*	19,687	20,001	19,950	20,052
	RMB	*RMB*	*RMB* *(unaudited)*	*RMB*
Basic loss per share	(4.95)	(21.70)	(8.83)	(8.23)

Note: The Company was converted to a joint stock company on May 28, 2025, 45,250,799 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. This capitalisation of share capital is applied retrospectively for the purpose of calculating basic loss per share, as adjusted for the capital contributions by the then shareholders and the number of ordinary shares.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Track Record Period, the Company had certain investors' shares with redemption features as set out in Note 25 to the Historical Financial Information which are potential ordinary shares. As the Group incurred losses for the Track Record Period, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the Track Record Period is the same as basic loss per share for the respective year/period.

14. DIVIDENDS

No dividend was declared or paid by the Company during the Track Record Period.

15. PROPERTY AND EQUIPMENT

The Group

	Leasehold improvements	Machinery and equipment	Office equipment and fixtures	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
As at January 1, 2023	2,635	2,740	448	–	5,823
Additions	–	26	–	–	26
Disposals	–	(21)	(32)	–	(53)
As at December 31, 2023	2,635	2,745	416	–	5,796
Additions	–	2	–	–	2
As at December 31, 2024	2,635	2,747	416	–	5,798
Additions	–	1	–	47	48
Transfer	47	–	–	(47)	–
As at June 30, 2025	2,682	2,748	416	–	5,846
DEPRECIATION					
As at January 1, 2023	1,012	2,459	418	–	3,889
Provided for the year	530	95	5	–	630
Eliminated on disposals	–	(20)	(30)	–	(50)
As at December 31, 2023	1,542	2,534	393	–	4,469
Provided for the year	529	56	1	–	586
As at December 31, 2024	2,071	2,590	394	–	5,055
Provided for the period	264	10	–	–	274
As at June 30, 2025	2,335	2,600	394	–	5,329
CARRYING AMOUNT					
As at December 31, 2023	1,093	211	23	–	1,327
As at December 31, 2024	564	157	22	–	743
As at June 30, 2025	347	148	22	–	517

The Company

	Leasehold improvements	Machinery and equipment	Office equipment and fixtures	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
As at January 1, 2023	2,628	2,739	437	–	5,804
Additions	–	25	–	–	25
Disposals	–	(21)	(32)	–	(53)
As at December 31, 2023 and 2024	2,628	2,743	405	–	5,776
Additions	–	–	–	47	47
Transfer	47	–	–	(47)	–
As at June 30, 2025	2,675	2,743	405	–	5,823
DEPRECIATION					
As at January 1, 2023	1,008	2,458	413	–	3,879
Provided for the year	528	93	2	–	623
Eliminated on disposals	–	(20)	(30)	–	(50)

	Leasehold improvements	Machinery and equipment	Office equipment and fixtures	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023	1,536	2,531	385	–	4,452
Provided for the year	528	54	–	–	582
As at December 31, 2024	2,064	2,585	385	–	5,034
Provided for the period	264	9	–	–	273
As at June 30, 2025	2,328	2,594	385	–	5,307
CARRYING AMOUNT					
As at December 31, 2023	1,092	212	20	–	1,324
As at December 31, 2024	564	158	20	–	742
As at June 30, 2025	347	149	20	–	516

The above items of property and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of the residual value, over the following period:

Leasehold improvements	Over the shorter of the relevant lease terms or 5 years
Machinery and equipment	3 or 5 years
Office equipment and fixtures	3 or 5 years

16. RIGHT-OF-USE ASSETS

The Group

	Leased properties
	RMB'000
Carrying amount	
As at January 1, 2023	451
Additions	2,657
Depreciation charged for the year	(683)
As at December 31, 2023	2,425
Decrease for early termination	(799)
Depreciation charge for the year	(726)
As at December 31, 2024	900
Additions	234
Depreciation charge for the period	(290)
As at June 30, 2025	844

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Expenses relating to short-term leases	40	25	25	63
Total cash outflow for leases	817	773	450	419

The Company

	Leased properties
	RMB'000
Carrying amount	
As at January 1, 2023	451
Additions	2,581
Depreciation charged for the year	(660)
As at December 31, 2023	2,372
Decrease for early termination	(799)
Depreciation charge for the year	(701)
As at December 31, 2024	872
Additions	234
Depreciation charge for the period	(277)
As at June 30, 2025	829

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Expenses relating to short-term leases	40	25	25	63
Total cash outflow for leases	796	746	437	405

During the Track Record Period, the Group and the Company lease office premises for the operations. The Group's and the Company's lease contracts are entered into for fixed term of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company apply the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for apartments and office equipment. As at December 31, 2023 and 2024 and June 30, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

Restrictions or covenants on leases

As at December 31, 2023 and 2024 and June 30, 2025, the Group's lease liabilities of RMB2,361,000, RMB869,000 and RMB802,000 are recognised with related right-of-use assets of RMB2,425,000, RMB900,000 and RMB844,000 respectively. The Company's lease liabilities of RMB2,309,000, RMB842,000 and RMB788,000 are recognised with related right-of-use assets of RMB2,372,000, RMB872,000 and RMB829,000 respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Note 23 to the Historical Financial Information.

17. INTERESTS IN SUBSIDIARIES

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments	27,168	32,349	32,349

18. OTHER NON-CURRENT ASSETS

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term deposits (*Note*)	41,735	67,655	1,454
Value-Added Tax ("VAT") recoverable	3,117	1,488	2,464
	44,852	69,143	3,918

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term deposits (*Note*)	41,735	65,251	–
VAT recoverable	3,117	1,488	2,464
	44,852	66,739	2,464

Note: Long-term deposits held by the Group and the Company are the deposits paid to contract research organisations collaborating with the Group on research and development activities, which will be refunded to the Group and the Company when certain collaborations are completed. Since the collaborations are expected to be completed by June 30, 2026, the deposits were recognised as other non-current assets as at December 31, 2023 and 2024, and then were reclassified as current assets as at June 30, 2025.

Other non-current assets that are denominated in currencies other than the functional currencies of the Group and the Company are set out below:

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
United States Dollars ("USD")	41,735	65,251	–

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	41,735	65,251	–

19. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of materials and research and development services	5,731	8	1,429
Long-term deposits receivable within one year (*Note 18*)	490	–	66,971
Output VAT receivables	–	4,800	–
Deferred issue costs	–	–	678
Deposits	6	6	43
Other receivables	51	3	3
Goods and services tax recoverable	8	4	4
	6,286	4,821	69,128

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of materials and research and development services	5,730	7	1,426
Long-term deposits receivable within one year (*Note 18*)	490	–	65,928
Output VAT receivables	–	4,800	–
Deferred issue costs	–	–	678
Deposits	–	–	37
Other receivables	31	3	–
	6,251	4,810	68,069

Other receivables that are denominated in currencies other than the functional currencies of the Group and the Company are set out below:

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	490	–	65,928

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	490	–	65,928

20. FINANCIAL ASSETS AT FVTPL

The Group and the Company

As at December 31, 2023 and 2024 and June 30, 2025, the Group and the Company placed with licensed commercial banks in the PRC for structured deposits with maturity within 1 year after the end of the reporting period. The structured deposits held by the Group and the Company were with variable interest rates and the indicative expected annual interest rates for the structured deposits ranged from 1.05% to 2.90%, 0.10% to 2.70% and 0.65% to 2.70% per annum as at December 31, 2023 and 2024 and June 30, 2025, respectively. Therefore, such structured deposits were accounted for as financial assets at FVTPL under IFRS 9.

21. CASH AND CASH EQUIVALENTS/TERM DEPOSITS

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank balances	37,831	117,609	52,036
Funds in transit	–	–	3,000
Term deposit with original maturity less than three months (*Note*)	52,000	–	–
Cash and cash equivalents	89,831	117,609	55,036
Term deposits with original maturity over three months but within one year (*Note*)	150,904	–	–
Term deposits with original maturity over one year (*Note*)	50,012	20,586	20,872
	290,747	138,195	75,908

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank balances	31,145	114,008	51,156
Funds in transit	–	–	3,000
Term deposit with original maturity less than three months (*Note*)	52,000	–	–
Cash and cash equivalents	83,145	114,008	54,156
Term deposits with original maturity over three months but within one year (*Note*)	150,904	–	–
Term deposits with original maturity over one year (*Note*)	50,012	20,586	20,872
	284,061	134,594	75,028

Note: Term deposits held by the Group and the Company carry interests at market rates ranging from 1.50% to 2.90%, 2.90% and 2.90% per annum as at December 31, 2023 and 2024 and June 30, 2025, respectively.

The carrying amounts of the Group's and the Company's cash and cash equivalents denominated in currencies other than functional currencies of the relevant group entities at the end of each reporting period are as follows:

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	18,274	19,499	19,843

Bank balances held by the Group and the Company carry interests at market rates ranging from 0.00% to 5.38%, 0.05% to 4.46% and 0.05% to 4.42% per annum as at December 31, 2023 and 2024 and June 30, 2025, respectively.

22. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables for research and development expenses	15,864	21,160	23,277
Accrued research and development expenses	9,755	11,604	6,932
Accrued staff costs and benefits	1,084	1,271	801
Accrued [**REDACTED**] expenses and issue costs	–	–	3,908
Accrued consultants' costs	685	864	309
Other tax payables	98	42	–
Others	–	16	–
	27,486	34,957	35,227

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables for research and development expenses	15,854	20,543	22,111
Accrued research and development expenses	9,755	11,604	6,508
Accrued staff costs and benefits	1,084	1,271	801
Accrued [**REDACTED**] expenses and issue costs	–	–	3,908
Accrued consultants' costs	685	864	309
Other tax payables	98	42	–
Others	–	16	–
	27,476	34,340	33,637

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 30 days	15,855	12,925	7,768
31 to 60 days	9	2,261	4,364
61 to 90 days	–	5,974	2,380
Over 90 days	–	–	8,765
	15,864	21,160	23,277

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 30 days	15,845	12,452	7,503
31 to 60 days	9	2,116	3,643
61 to 90 days	–	5,975	2,209
Over 90 days	–	–	8,756
	15,854	20,543	22,111

The average credit period granted by suppliers is normally 10 to 60 days.

Trade and other payables that are denominated in currencies other than the functional currencies of the Group and the Company are set out below:

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	24,551	23,628	22,777

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	24,551	23,628	22,777

23. LEASE LIABILITIES

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	902	552	666
Within a period of more than one year but not exceeding two years	941	317	136
Within a period of more than two years but not exceeding five years	518	–	–
	2,361	869	802
Less: Amount due for settlement within 12 months shown as current liabilities	902	552	666
Amount due for settlement after 12 months shown as non-current liabilities	1,459	317	136

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	877	525	652
Within a period of more than one year but not exceeding two years	914	317	136
Within a period of more than two years but not exceeding five years	518	–	–
	2,309	842	788
Less: Amount due for settlement within 12 months shown as current liabilities	877	525	652
Amount due for settlement after 12 months shown as non-current liabilities	1,432	317	136

As at December 31, 2023, 2024 and June 30, 2025, the range of the incremental borrowing rates applied to the lease liabilities are from 4.20% to 4.30%, 4.20% to 4.30% and 3.60% to 4.30%, respectively.

Lease liabilities that are denominated in currencies other than the functional currencies of the Group and the Company are set out below:

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	963	–	–

24. DEFERRED INCOME

The Group and the Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants with condition *(Note)*	8,589	–	–

Note: The Company received government grants from the local governments on the condition that it maintained its registered address in the locality for certain years. Since the Company relocated in 2024, the related government grants were refunded in full to the local government. As at December 31, 2023, the condition for the government grants expected to be satisfied over twelve months after that date, therefore, the deferred income was recognised as non-current liabilities.

25. REDEMPTION LIABILITIES AT FVTPL

The Company was established in the PRC on March 9, 2012, with an initial registered capital of RMB20,000,000.

In May 2017, the Company entered into an investment agreement with a series A investor (the "Series A Investor"), pursuant to which the Series A Investor subscribed for 3,529,412 series A preferred shares at a total consideration of RMB16,000,000 (the "Series A Financing"). The total consideration for the Series A Financing had been fully received.

In June 2018, the Company entered into an investment agreement and a supplemental agreement with series A+ investors (the "Series A+ Investors"), pursuant to which the Series A+ Investors subscribed for 2,352,942 series A+ preferred shares at a total consideration of RMB30,000,000 (the "Series A+ Financing"). The total consideration for the Series A+ Financing had been fully received.

In January 2020, the Company entered into an investment agreement with series B investors (the "Series B Investors"), pursuant to which the Series B Investors subscribed for 2,892,844 series B preferred shares at a total consideration of RMB90,091,000 (the "Series B Financing"). The total consideration for the Series B Financing had been fully received.

In May 2020, the Company entered into an investment agreement with series B+ investors (the "Series B+ Investors"), pursuant to which the Series B+ Investors subscribed for 2,882,335 series B+ preferred shares at a total consideration of RMB40,700,000 and USD7,000,000 (equivalent to RMB49,764,000), for a total of RMB90,464,000 (the "Series B+ Financing"). The total consideration for the Series B+ Financing had been fully received.

In December 2021, the Company entered into an investment agreement with series C investors (the "Series C Investors"), pursuant to which the Series C Investors subscribed for 5,639,986 series C preferred shares at a total consideration of RMB290,000,000 and USD1,570,031 (equivalent to RMB10,000,000), for a total of RMB300,000,000 (the "Series C Financing"). The total consideration for the Series C Financing had been fully received.

In December 2021, two ordinary shares investors of the Company transferred their 552,940 ordinary shares to two Series C Investors and a related party of one of these two Series C Investors (together, the "Series C Transferees") at the total consideration of RMB25,000,000 (the "Series C Transfer Consideration"). The Company and/or the founder of the Company are required to redeem the Series C Transferees' investments of the Series C Transfer Consideration as below "redemption right" paragraph disclosed and the Series C Transfer Consideration is subject to anti-dilution rights as below "anti-dilution rights" paragraph disclosed.

In July 2023, two Series A+ Investors of the Company transferred their 784,314 series A+ preferred shares to four series A+ transferees (collectively with other remaining Series A+ Investor as the "Series A+ Investors and Transferees") at the total consideration of RMB35,461,000 (the "Series A+ Transfer Consideration", collectively with the remaining Series A+ Financing as the "Series A+ Financing and Transfer Consideration"). The Series A+ Investors and Transferees are entitled to the redemption rights, liquidation preferences and anti-dilution rights for the Series A+ Financing and Transfer Consideration as disclosed in below paragraphs.

In September 2023, the Company entered into an investment agreement with series D investors, pursuant to which the investors subscribed for 7,613,814 series D preferred shares at a total consideration of RMB502,200,000, which consists of the first tranche consideration of RMB457,200,000 and the second tranche consideration of RMB45,000,000. RMB316,800,000 for subscription of 4,802,979 series D preferred shares of the of the first tranche consideration had been received in October and December 2023 and RMB40,400,000 for subscription of 612,502 series D preferred shares of the first tranche consideration had been received in April and June 2024. The remaining first tranche subscription of 1,516,092 series D preferred shares at consideration of RMB100,000,000 had been terminated with corresponding investor in June 2024. The Company received the second tranche consideration of RMB45,000,000 for subscription of 682,241 series D preferred shares in August 2025.

In July 2024, the Company entered into an investment agreement with another series D investor (collectively with other remaining series D investor as the "Series D Investors"), pursuant to which the investor subscribed for 2,274,138 series D preferred shares at a total consideration of RMB150,000,000, of which RMB127,500,000 for subscription of 1,933,017 series D preferred shares had been received in August 2024 (collectively with the received financing pursuant to the investment agreement in September 2023 as the "Series D Financing"). The Company received the remaining consideration of RMB22,500,000 for subscription of 341,121 series D preferred shares in August 2025.

Significant terms of the shareholders agreement for preferred shares that impacted the accounting treatment of the Company are outlined below:

Redemption rights

The preferred shares investors and transferees have a right to require the Company and/or the founder of the Company to redeem their investments if (i) the Company fails to complete the qualified [**REDACTED**] (the "[**REDACTED**]") or the Company is acquired and reorganised by a third party [**REDACTED**] company before June 30, 2026; (ii) the Company and/or the founder of the Company commit a major breach to the investment agreements, which causes serious losses to the investors; (iii) the founder and the management of the Company commit a significant integrity issue or violation of laws and regulations, which has an adverse impact on the Company; (iv) the founder of the Company resigns from the Company or terminates its labour contractual relation with the Company; or (v) the founder of the Company breaches of its non-compete obligations under the investment agreements.

For the Series B+ Investors, the Series C Investors, the Series C Transferees and the Series D Investors, the redemption amounts are calculated as the higher of (i) the amounts of principal and interest calculated based on the original investment principal (including the Series C Transfer Consideration) from investors and transferees, which is compounded at an annual rate of 10% for the Series B+ Investors, the Series C Investors and the Series C Transferees and 8% for the Series D Investors from the original investment principal payment date until the redemption payment date, based on a 365 day per year basis and plus the accumulated or declared but undistributed dividends for the shares subscribed by the investors (if any); and (ii) the fair value of the shares subscribed by the investors. For the Series A Investor and the Series B Investors, the redemption amounts are calculated as the amounts of principal and interest calculated based on the original investment principal from investors, which is compounded at an annual rate of 10% from the original investment principal payment date until the redemption payment date, based on a 365 day per year basis and plus the accumulated or declared but undistributed dividends for the shares subscribed by the investors (if any). For the Series A+ Investors and Transferees, the redemption amounts are calculated as the original investment principal of the Series A+ Financing and Transfer Consideration from investors and transferees, plus a simple annual rate of 12% of the original investment principal from the original investment principal payment date until the redemption payment date, based on a 365 day per year basis and plus the accumulated or declared but undistributed dividends for the shares subscribed by the investors (if any).

The redemption amounts shall be distributed in the following order: (1) the Series D Investors; (2) the Series C Investors for the Series C Financing; (3) the Series B+ Investors and the Series B Investors; (4) the Series A+ Investors and Transferees and the Series A Investor; (5) the Series C Transferees for the Series C Transfer Consideration.

Liquidation preferences

In the event of any liquidation including deemed liquidation, dissolution or winding up of the Group (the "Liquidation Event"), the preferred shares investors shall be entitled to receive the amounts equal to the higher of (i) for the Series A Investor, the Series B Investors, the Series B+ Investors, the Series C Investors and the Series D Investors: 120% original investment principal (excluding the Series C Transfer Consideration) and plus the accumulated or declared but undistributed dividends for the shares subscribed by the investors (if any); for the Series A+ Investors and Transferees shall be entitled to receive the amount equal to 100% original investment principal of the Series A+ Financing and Transfer Consideration and plus the accumulated or declared but undistributed dividends for the shares subscribed by the investors (if any). All proceeds calculated based on the above calculation shall be distributed in the following order: (1) the Series D Investors; (2) the Series C Investors for the Series C Financing; (3) the Series B+ Investors and the Series B Investors; (4) the Series A+ Investors and Transferees; (5) the Series A Investor and (ii) the net assets of the Group corresponding to its shareholding ratio. The total amounts to be entitled to the preferred shares investors derived from the Liquidation Event shall be limited to remaining distributable properties after payments of relevant taxes and liabilities as required by related laws and regulations when Liquidation Event occurs.

In a sale event (as defined below), all consideration received by the Group or its shareholders as the proceeds of the sale event shall also be distributed in accordance with the above scheme.

Sale event refers to an equity sale event or asset sale event. Equity sale event means a merger, acquisition or other similar transaction of the Group resulting in a change in control of the Group such that the shareholders prior to the occurrence of such event have less than 50% of their shares or voting rights in the surviving entity after the occurrence of such event. Asset sale event means that all or substantially all of the Group's assets or business are sold, or all or substantially all of the Group's intellectual property rights are exclusively licensed or sold to a third party.

Anti-dilution rights

If the Company increases its paid-in capital at a price lower than the price paid by the preferred shares investors and series A+ transferees on a per paid-in capital basis (the "Anti-dilution Rights Trigger Event"), the preferred shares investors and series A+ transferees have a right to require the founder of the Company to issue additional paid-in capital at nil consideration to the preferred shares investors for compensation, and for the Series A Investor and the Series A+ Investors and Transferees, they also have a right to require the Company and the founder of the Company to pay cash compensation to them, so that the subscription price per share invested in the Company by the Series A Investor and the Series A+ Investors and Transferees will be not higher than the new price per share calculated according to a pre-determined formula; and for the Series B Investors, the Series B+ Investors, the Series C Investors and the Series D Investors, they also have a right to require the Company and the founder of the Company to pay cash compensation to them, or require the Company to issue additional paid-in capital at nominal price or the lowest price permitted by law to them, so that the subscription price per share invested in the Company by the Series B Investors, the Series B+ Investors, the Series C Investors and the Series D Investors will be not higher than the new price per share calculated according to a pre-determined formula. The new price was calculation based on the price per paid-in capital, taking into account the preferred shares financing, the Series A+ Transfer Consideration and the Series C Transfer Consideration (anti-dilution rights for all the Series C Transfer Consideration are entitled to two Series C Investors who are also the Series C Transferees) for respective investors and transferees when the Anti-dilution Rights Trigger Event occurs.

Supplemental Agreement

Pursuant to the Supplemental Agreement, the redemption rights have ceased to be effective from the date on which the first submission of application for the [**REDACTED**] and shall be automatically resumed upon the occurrence of the earliest of the following events: (i) the application of the [**REDACTED**] not being accepted (including being rejected or returned); (ii) the Company withdrawing its application of the [**REDACTED**]; (iii) the Company failing to complete the [**REDACTED**] by December 31, 2027; or (iv) the [**REDACTED**] of the Stock Exchange not approving the application of the [**REDACTED**].

According to the Supplemental Agreement, all the special rights granted to the preferred shares investors and transferees shall be automatically terminated upon the completion of the [**REDACTED**].

Presentation and classification

As at December 31, 2023 and 2024 and June 30, 2025, the Company designated the capitals issued to preferred shares investors and transferees as whole as financial liabilities at FVTPL, because not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in "fair value gain (loss) on redemption liabilities at FVTPL" in the consolidated statements of profit or loss and other comprehensive income. The directors of the Company considered that the changes in the fair value of the capitals attributable to the change in credit risk of the Group is minimal.

The redemption liabilities at FVTPL were presented in current liabilities as at December 31, 2023 and 2024 and June 30, 2025 as the Company would be requested to redeem the preferred shares upon occurrence of the events which cannot be controlled by the Company as detailed above.

Fair value of redemption liabilities

The Company used back-solve method to determine the underlying share value of the Company as at December 31, 2023 and DCF model to determine the underlying share value of the Company as at December 31, 2024 and June 30, 2025, and then performed an equity allocation based on a Binomial Option Pricing ("OPM") model to arrive the fair value of the capitals as of the dates of issuance and at the end of each reporting period with reference to valuation reports carried out by ValueLink Management Consulting (Beijing) Co., Ltd.* (藍策管理諮詢(北京)有限公司) ("ValueLink"), an independent qualified valuer. The address of ValueLink is Room 511, Jiaseng Center, No. 19 North Dongsanhuan Road, Chaoyang District, Beijing, the PRC.

In addition to the underlying share value of the Company determined by back-solve method and DCF model, other key valuation assumptions used in OPM to determine the fair value are as follows:

	As at December 31,		As at June 30,
	2023	2024	2025
Time to [**REDACTED**]	June 30, 2026	June 30, 2026	June 30, 2026
Time to redemption	June 30, 2026	June 30, 2026	June 30, 2026
Time to liquidation	June 30, 2026	June 30, 2026	June 30, 2026
Possibilities under [**REDACTED**] scenario	30%	30%	30%
Possibilities under redemption scenario	35%	35%	35%
Possibilities under liquidation scenario	35%	35%	35%
Risk-free interest rate	2.24%	1.11%	1.34%
Volatility	51.62%	56.14%	66.88%
DLOM	17.50%	15.00%	14.50%
Dividend yield	0%	0%	0%
Discount rate	N/A	17.00%	17.00%

The directors of the Company estimated the risk-free interest rate based on the yield of the China government bond with a maturity life of the ordinary shares with redemption obligations and close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

* *English name is for identification purpose only.*

The movements of the financial instruments with preferred rights measured at FVTPL are set out as below:

	Series A Financing	Series A+ Financing	Series A+ Transfer Consideration	Series B Financing	Series B+ Financing	Series C Financing	Series C Transfer Consideration	Series D Financing	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	71,089	54,943	–	109,781	108,471	334,903	13,888	–	693,075
Recognition of redemption liabilities on Series D Financing	–	–	–	–	–	–	–	316,800	316,800
Transfer	–	(18,242)	28,964	–	–	–	–	–	10,722
Changes in fair value	4,294	(88)	(3,962)	(14,376)	(14,014)	(45,166)	(481)	1,710	(72,083)
As at December 31, 2023	75,383	36,613	25,002	95,405	94,457	289,737	13,407	318,510	948,514
Recognition of redemption liabilities on Series D Financing	–	–	–	–	–	–	–	167,900	167,900
Changes in fair value	9,908	4,838	3,442	12,178	12,045	26,011	1,859	27,774	98,055
As at December 31, 2024	85,291	41,451	28,444	107,583	106,502	315,748	15,266	514,184	1,214,469
Changes in fair value	10,532	4,979	3,208	11,295	11,205	23,585	1,813	19,096	85,713
As at June 30, 2025	95,823	46,430	31,652	118,878	117,707	339,333	17,079	533,280	1,300,182

	Series A Financing	Series A+ Financing	Series A+ Transfer Consideration	Series B Financing	Series B+ Financing	Series C Financing	Series C Transfer Consideration	Series D Financing	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	75,383	36,613	25,002	95,405	94,457	289,737	13,407	318,510	948,514
Recognition of redemption liabilities on Series D Financing	–	–	–	–	–	–	–	40,400	40,400
Changes in fair value	221	226	388	1,553	1,517	5,669	132	6,332	16,038
As at June 30, 2024 (unaudited)	75,604	36,839	25,390	96,958	95,974	295,406	13,539	365,242	1,004,952

26. OTHER NON-CURRENT LIABILITIES

The Group and the Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Upfront fee for the Commercialisation Collaboration *(Note)*	–	–	80,000

Note: In December 2024, the Company entered into an agreement with an independent third party (the "Collaborator") (the "Agreement") for a commercialisation collaboration arrangement relating to one of drug candidates of the Company (the "Commercialisation Collaboration").

The Company is entitled to an upfront fee of RMB80,000,000 for the Commercialisation Collaboration. According to the Agreement, the upfront fee is refundable if the drug candidate fails to meet certain conditions in the future (the "Trigger Event"). Since the Trigger Event is not expected to occur within twelve months after June 30, 2025, the upfront fee was recognised as other non-current liabilities as at June 30, 2025.

27. SHARE CAPITAL AND PAID-IN CAPITAL

As disclosed in Note 1, the Company converted into a joint stock company on May 28, 2025, the balance as at January 1, 2023 and December 31, 2023 and 2024 represented the paid-in capital of the Company prior to the conversion of the Company. Share capital as at June 30, 2025 represented the issued share capital of the Company.

Paid-in capital

	Paid-in capital
	RMB'000
Issued and paid	
As at January 1, 2023	37,298
Issue of Series D Capitals *(Note (i))*	4,803
Capital injection of granted incentive awards *(Note (iii))*	302
As at December 31, 2023	42,403
Issue of Series D Capitals *(Note (ii))*	2,546
Capital injection of granted incentive awards *(Note (iii))*	302
As at December 31, 2024	45,251
Conversion into a joint stock company *(Note (iv))*	(45,251)
As at June 30, 2025	–

Share capital

	Number of shares	Nominal value of shares
		RMB'000
Ordinary shares of RMB1 each		
Authorised and issued		
As at January 1, 2023, December 31, 2023 and 2024	–	–
Conversion into a joint stock company *(Note (iv))*	45,250,799	45,251
As at June 30, 2025	45,250,799	45,251

Notes:

(i) In 2023, the Company received partial Series D Financing of RMB316,800,000 for subscription of 4,802,979 series D preferred shares, among which RMB4,803,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve.

(ii) In 2024, the Company received partial Series D Financing of RMB167,900,000 for subscription of 2,545,519 series D preferred shares, among which RMB2,546,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve.

(iii) On October 21, 2022, the Company passed a board resolution to approve Nanjing Atom Zhongchi Management Consulting Partnership (Limited Partnership)* (南京元素眾持管理諮詢合夥企業(有限合夥)) ("Nanjing Atom Zhongchi"), formerly known as Anji Zhongchi Management Consulting Partnership (Limited Partnership)* (安吉眾持管理諮詢合夥企業(有限合夥)), acted as an employee stock ownership platform to hold the Company's paid-in capital of RMB604,000, which was issued and allotted by the Company at a consideration price of RMB1 for each RMB1 registered capital of the Company.

* *English name is for identification purpose only.*

Nanjing Atom Zhongchi is wholly owned and controlled by Mr. Jin, who is an executive director and a senior management of the Company, therefore, the above transaction was accounted for the grant of the incentive awards to Mr. Jin, which were granted without any restrictions and conditions and were wholly vested on October 21, 2022, the grant date. The first tranche of consideration of RMB302,000 was invested into the Company in March 2023 and the remaining consideration of RMB302,000 was invested into the Company in March 2024, which were recognised as the Company's paid-in capital when the Company received the consideration and the surplus of RMB3,845,000 between the fair value of the corresponding incentive awards at grant date and the consideration for each tranche was transferred from the share-based payments reserve to the capital reserve on the same date.

(iv) On May 28, 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date of August 31, 2024, including paid-in capital, reserves and accumulated losses were converted into 45,250,799 shares with a nominal value of RMB1 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium.

28. RESERVES OF THE COMPANY

	Capital reserve	Share premium	Other reserve	Share-based Payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	499,369	–	(527,108)	8,319	(325,342)	(344,762)
Loss and total comprehensive expense for the year	–	–	–	–	(100,032)	(100,032)
Issue of Series D capitals *(Note 27)*	311,997	–	–	–	–	311,997
Capital injection of granted incentive awards *(Note 27)*	3,845	–	–	(3,845)	–	–
Deemed distribution to preferred shares investors arising from redemption liabilities on Series A+ Transfer Consideration	–	–	(10,722)	–	–	(10,722)
Recognition of redemption liabilities on Series D Financing *(Note 25)*	–	–	(316,800)	–	–	(316,800)
As at December 31, 2023	815,211	–	(854,630)	4,474	(425,374)	(460,319)
Loss and total comprehensive expense for the year	–	–	–	–	(428,145)	(428,145)
Issue of Series D capitals *(Note 27)*	165,354	–	–	–	–	165,354
Capital injection of granted incentive awards *(Note 27)*	3,845	–	–	(3,845)	–	–
Recognition of redemption liabilities on Series D Financing *(Note 25)*	–	–	(167,900)	–	–	(167,900)
As at December 31, 2024	984,410	–	(1,022,530)	629	(853,519)	(891,010)
Loss and total comprehensive expense for the period	–	–	–	–	(161,310)	(161,310)
Conversion into a joint stock company *(Note 27)*	(984,410)	402,375	–	(629)	582,664	–
As at June 30, 2025	–	402,375	(1,022,530)	–	(432,165)	(1,052,320)

29. SHARE-BASED PAYMENT TRANSACTIONS

Nanjing Atom Zhongchi RS Scheme

In recognition of the contributions of certain eligible directors and employees, the Company passed a board resolution to approve Nanjing Atom Zhongchi to act as an employee stock ownership platform (as disclosed in Note 27 to the Historical Financial Information), which holds the Company's paid-in capital of RMB604,000, to implement restricted shares scheme ("Nanjing Atom Zhongchi RS Scheme"). Under the Nanjing Atom Zhongchi RS Scheme, eligible directors and employees shall subscribe for partnership interests of Nanjing Atom Zhongchi at a purchase price determined by a management committee consisting of Dr. Shi Dongfang and Mr. Jin, the executive partner of Nanjing Atom Zhongchi and the purchase price shall not be less than the audited net assets per paid-in capital of the Company for the last financial year.

Pursuant to the Nanjing Atom Zhongchi RS Scheme, the RSs granted shall be vested twelve months after the [**REDACTED**]. If the grantees terminate their labor relationships with the Group within the vesting period, Mr. Jin or a third party designated by him shall buy back the unvested RSs at original consideration plus interests at 5% or 6% per annum, depending on the length of service provided by the grantees.

Details of the unvested restricted shares as at December 31, 2023 and 2024 and June 30, 2025 under the Nanjing Atom Zhongchi RS Scheme are as follows:

	Amount of registered capital			
	As at December 31,		As at June 30,	
Grant date	2023	2024	2025	Grantee
	RMB'000	*RMB'000*	*RMB'000*	
April 17, 2023	9	9	9	A senior management
August 23, 2023	61	61	61	An employee

The following table discloses movements of the unvested registered capital/share capital under the Nanjing Atom Zhongchi RS Scheme during the Track Record Period:

	Unvested registered capital/share capital	Weighted average grant date fair value per registered capital
	'000	*RMB*
Unvested as at January 1, 2023	–	–
Granted	70	–
Unvested as at December 31, 2023 and 2024 and June 30, 2025	70	–

The Company was converted to a joint stock company on May 28, 2025, 45,250,799 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day and the above table reflects the impact of the conversion. 1 registered capital before the conversion represented 1 share of the joint stock company.

Fair value of RSs granted under the Nanjing Atom Zhongchi RS Scheme

Back-solve method was used to determine the underlying equity fair value of the Company and equity allocation method was used to determine the fair value of the RSs granted. The fair value of shares at grant date was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, ValueLink, whose address is disclosed in Note 25 to the Historical Financial Information. The fair value of RSs at grant date was determined by taking into account of the fair value of the equity of the Company at the grant date and the purchase price for each RMB1 registered capital. The inputs into the model were as disclosed in the following table. As the purchase price is higher than the fair value of the equity for each RMB1 registered capital of the Company at the grant date, the fair value per registered capital of the RS granted during the year ended December 31, 2023 is nil.

	April 17, 2023	August 23, 2023
Fair value for each RMB1 registered capital at the grant date	RMB18.35	RMB18.02
Expected volatility	47.48%	53.66%
Risk-free rate	2.34%	1.89%
Purchase price	RMB45.21	RMB24.71 and RMB48.83

As the Nanjing Atom Zhongchi RS Scheme contains a condition which is conditional upon the [**REDACTED**], the management of the Group has not recognised any share-based payment expenses in respect of the Nanjing Atom Zhongchi RS Scheme during the Track Record Period, since the management of the Group is unable to make a reliable estimate of the likelihood of the [**REDACTED**] and the timing of its completion.

[Subsequent to June 30, 2025 and up to the date of this report, RSs represented 39,525 shares of the Company were granted to the senior managements and employees of the Group under the Nanjing Atom Zhongchi RS Scheme. The range of the purchase price for each share of the Company is from RMB31.17 to RMB56.05.]

30. RELATED PARTY TRANSACTIONS

(i) The Group had the following transactions with its related party during the Track Record Period.

Interests on lease liabilities to a related party

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Shi and Chu Family Trust (*Note*)	15	22	19	–

Note: Shi and Chu Family Trust is a family trust controlled by Dr. Shi Dongfang.

(ii) As at December 31, 2023 and 2024 and June 30, 2025, the Group and the Company had balances with its related parties, which are all interest-free and unsecured, as follows:

The Group and the Company

Amounts due from related parties

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dr. Shi Dongfang	–	2,744	2,744
Mr. Jin *(Note)*	–	50	50
	–	2,794	2,794

Note: The Company received the amounts due from Mr. Jin of RMB50,000 in August 2025.

All the amounts due from related parties are non-traded related and repayable on demand.

There was no amount due from the directors of the Company as at January 1, 2023. The maximum amounts outstanding of the amounts due from the directors of the Company during the year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025 were nil, RMB2,794,000, nil and RMB2,794,000 respectively, which were same as the above outstanding balances at the end of each respective reporting period.

Lease liabilities

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Shi and Chu Family Trust	963	–	–

Amounts due to a related party

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dr. Shi Dongfang	625	–	–

The amounts due to a related party are non-traded related and repayable on demand.

Compensation of key management personnel

The remuneration of directors and supervisors of the Company and other members of key management was as follows:

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other benefits	2,221	2,703	1,393	1,539
Retirement benefits scheme contribution	147	182	88	92
Discretionary bonus	319	587	–	–
	2,687	3,472	1,481	1,631

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to investors through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes amounts due to a related party disclosed in Note 30(ii), lease liabilities disclosed in Note 23 and redemption liabilities at FVTPL disclosed in Note 25, net of cash and cash equivalents and term deposits disclosed in Note 21 and equity attributable to owners of the Company, comprising paid-in capital, share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues or issue of new debt.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Amortised cost	333,029	213,453	147,173
Financial assets at FVTPL	203,569	160,992	225,489
	536,598	374,445	372,662
Financial liabilities			
Amortised cost	16,489	21,176	23,277
Financial liabilities at FVTPL	948,514	1,214,469	1,300,182
	965,003	1,235,645	1,323,459

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Amortised cost	326,317	207,442	143,787
Financial assets at FVTPL	203,569	160,992	225,489
	529,886	368,434	369,276
Financial liabilities			
Amortised cost	16,479	20,559	22,111
Financial liabilities at FVTPL	948,514	1,214,469	1,300,182
	964,993	1,235,028	1,322,293

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include other receivables, long-term deposits, amounts due from related parties, cash and cash equivalents, term deposits, financial assets at FVTPL, trade and other payables, amounts due to a related party and redemption liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with the financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and the Company's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's and the Company's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

The Company and certain subsidiaries of the Company have foreign currency payments for research and development service fee and related deposits and bank balances which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currencies denominated monetary assets and liabilities as at December 31, 2023 and 2024 and June 30, 2025 are as follows:

The Group

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Assets			
USD	60,499	84,750	85,771
Liabilities			
USD	25,514	23,628	22,777

The Company

	As at December 31,		As at June 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Assets			
USD	60,499	84,750	85,771
Liabilities			
USD	25,514	23,628	22,777

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against USD, the foreign currency with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis uses outstanding foreign currencies denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in loss where RMB strengthens 5% against USD. For a 5% weakening of RMB against USD, there would be an equal and opposite impact on the loss for the respective years/periods.

	Year ended December 31,		Six months ended June 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit or loss	1,749	3,056	3,143	3,150

(ii) Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to lease liabilities (Note 23) and cash flow interest rate risk in relation to bank balances and term deposits (Note 21). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and term deposits is insignificant because the current market interest rates are relatively low and stable.

(iii) Other price risk

The Group and the Company are exposed to other price risk arising from redemption liabilities at FVTPL.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for redemption liabilities at FVTPL.

If the equity value of the Company had been changed based on the 5% higher/lower, the Group's and the Company's loss for the year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025, would increase/decrease by approximately RMB47,426,000, RMB60,723,000, RMB50,248,000 and RMB65,009,000 respectively.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to other receivables, long-term deposits, amounts due from related parties, bank balances, funds in transit, and term deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Other receivables and long-term deposits

For other receivables and long-term deposits, the management makes periodic individual assessment on the recoverability of other receivables and long-term deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025, the Group assessed the ECL for other receivables and long-term deposits are insignificant and thus no loss allowance is recognised.

Amounts due from related parties

The ECL on amounts due from related parties are assessed individually based on the probability of defaults of amounts due from related parties, the management has taken into account the financial position of the counterparties as well as forward looking information that is available without undue cost or effort.

Bank balances, funds in transit and term deposits

The credit risk on bank balances, funds in transit and term deposits is limited because the counterparties are reputable financial institutions. The Group assessed 12m ECL for bank balances, funds in transit and term deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances, funds in transit and term deposits is considered to be insignificant and therefore no loss allowance was recognised.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group relies on issuance of ordinary shares and utilisations of bank facilities as significant sources of liquidity.

As at June 30, 2025, the Group's net current liabilities were RMB983,628,000, considering the redemption features of redemption liabilities at FVTPL has ceased to be effective from the date when the submission of application for the [**REDACTED**]. In addition, the directors of the Company, has taken into the account of their plan and progress of the [**REDACTED**] and the likelihood of the occurrence of events as disclosed in Note 25, are of the opinion that the Company does not expect to settle the redemption liabilities in next twelve months from the date of this report according to the Supplemental Agreement. In addition, [after the end of the reporting period and up to the date of this report, the Group had obtained unutilised bank facilities of RMB200,000,000] and received the remaining proceeds of RMB67,500,000 from issue of Series D capitals. The directors of the Company believes that the unutilised bank facilities and the proceeds of financing could mitigate the liquidity risk of the Group.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available.

The Group

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and other payables	–	15,864	–	–	15,864	15,864
Amounts due to a related party	–	625	–	–	625	625
Redemption liabilities at FVTPL	–	948,514	–	–	948,514	948,514
Lease liabilities	4.20%	986	986	663	2,635	2,361
		965,989	986	663	967,638	967,364

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Trade and other payables	–	21,176	–	–	21,176	21,176
Redemption liabilities at FVTPL	–	1,214,469	–	–	1,214,469	1,214,469
Lease liabilities	4.20%	578	459	–	1,037	869
		1,236,223	459	–	1,236,682	1,236,514

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at June 30, 2025						
Trade and other payables	–	23,277	–	–	23,277	23,277
Redemption liabilities at FVTPL	–	1,300,182	–	–	1,300,182	1,300,182
Lease liabilities	4.07%	684	249	–	933	802
		1,324,143	249	–	1,324,392	1,324,261

The Company

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and other payables	–	15,854	–	–	15,854	15,854
Amounts due to a related party	–	625	–	–	625	625
Redemption liabilities at FVTPL	–	948,514	–	–	948,514	948,514
Lease liabilities	4.20%	959	959	663	2,581	2,309
		965,952	959	663	967,574	967,302

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Trade and other payables	–	20,559	–	–	20,559	20,559
Redemption liabilities at FVTPL	–	1,214,469	–	–	1,214,469	1,214,469
Lease liabilities	4.20%	551	459	–	1,010	842
		1,235,579	459	–	1,236,038	1,235,870

	Weighted average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at June 30, 2025						
Trade and other payables	–	22,111	–	–	22,111	22,111
Redemption liabilities at FVTPL	–	1,300,182	–	–	1,300,182	1,300,182
Lease liabilities	4.06%	671	249	–	920	788
		1,322,964	249	–	1,323,213	1,323,081

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's and Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's and Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of the financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

		Fair value as at						
		December 31,		June 30,	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	Notes	2023	2024	2025				
		RMB'000	*RMB'000*	*RMB'000*				
Financial assets								
Structured deposits at FVTPL	*20*	203,569	160,992	225,489	Level 2	Discounted cash flow method – future cash flows are estimated based on expected return and discount rate observed in the available market.	N/A	N/A
Financial liabilities								
Redemption liabilities at FVTPL	*25*	948,514	1,214,469	1,300,182	Level 3	Back-solve model/DCF model and OPM model – the key inputs are possibilities under different scenarios as disclosed in Note 25, risk free interest rate, volatility, DLOM and discount rate.	Volatility: 2023: 51.62% 2024: 56.14% 2025: 66.88% DLOM: 2023: 17.50% 2024: 15.00% 2025: 14.50% Discount rate: 2024: 17.00% 2025: 17.00%	The higher the volatility, the lower the fair value (*Note (i)*) The higher the DLOM, the lower the fair value (*Note (ii)*) The higher the discount rate, the lower the fair value (*Note (iii)*)

Notes:

(i) A 5% increase in volatility, while all other variables keep constant, would decrease the carrying amount of financial liabilities as at December 31, 2023 and 2024 and June 30, 2025 by RMB14,971,000, RMB17,112,000 and RMB17,333,000 respectively. A 5% decrease in volatility, while all other variables keep constant, would increase the carrying amount of financial liabilities as at December 31, 2023 and 2024 and June 30, 2025 by RMB10,405,000, RMB11,431,000 and RMB11,253,000 respectively.

(ii) A 5% increase in DLOM, while all other variables keep constant, would decrease the carrying amount of financial liabilities as at December 31, 2023 and 2024 and June 30, 2025 by RMB8,125,000, RMB8,553,000 and RMB8,733,000 respectively. A 5% decrease in DLOM, while all other variables keep constant, would increase the carrying amount of financial liabilities as at December 31, 2023 and 2024 and June 30, 2025 by RMB8,105,000, RMB8,535,000 and RMB8,716,000 respectively.

(iii) A 5% increase in discount rate, while all other variables keep constant, would decrease the carrying amount of financial liabilities as at December 31, 2024 and June 30, 2025 by RMB93,314,000 and RMB97,607,000 respectively. A 5% decrease in discount rate, while all other variables keep constant, would increase the carrying amount of financial liabilities as at December 31, 2024 and June 30, 2025 by RMB104,686,000 and RMB109,462,000 respectively.

There were no transfers between Level 1 and Level 2 during the Track Record Period.

The reconciliation of Level 3 fair value measurements of financial liabilities is set out in Note 25 to the Historical Financial Information.

Of the total gains or losses for the year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025 included in profit or loss, RMB72,083,000 of profit, RMB98,055,000 of loss, RMB16,038,000 of loss and RMB85,713,000 of loss, respectively, relates to redemption liabilities at FVTPL held during the Track Record Period. Fair value gains or losses on redemption liabilities at FVTPL are included in "other gains and losses, net".

Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, where Level 1 inputs are not available, the finance department uses quoted forward exchange rates derived from quoted exchange rates matching maturities of the contracts for Level 2 fair value measurements of the structured deposits at FVTPL. For Level 3 fair value measurements of the redemption liabilities at FVTPL, the finance department establishes the appropriate valuation techniques and the inputs applied in the valuation with the assistance of a qualified external valuer.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

33. RETIREMENT BENEFIT PLANS

The employees of the Group in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The PRC entities are required to contribute, based on a certain percentage of the payroll costs of their employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB588,000, RMB832,000, RMB403,000 and RMB455,000 for the year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 (unaudited) and 2025 respectively.

34. PARTICULARS OF SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct equity interests in the following subsidiaries:

Name of subsidiaries	Place/country and date of establishment incorporation	Paid-in capital/registered capital	Equity interest attributable to the Company				Principal activities
			As at December 31,		As at June 30,	As at the date of this report	
			2023	2024	2025		
Atom Therapeutics Pty Ltd.	Australia/ June 26, 2020	Australian Dollar ("AUD") 6,500,000/ AUD6,500,000	100%	100%	100%	[100%]	Research, development of innovative drugs
Atom Therapeutics America Inc.	USA/ September 29, 2023	USD50,000/ USD200,000	100%	100%	100%	[100%]	Research, development of innovative drugs
Zhenjiang Atom Biomedical Co., Ltd.* 鎮江新元素生物醫藥有限公司 ("Atom Zhenjiang")	The PRC/ September 21, 2020	RMB40,500,000/ RMB40,500,000	100%	100%	100%	[100%]	Administration office

Notes:

(i) All of the subsidiaries adopted December 31 as financial year end.

(ii) The statutory financial statements of all the subsidiaries for each of the years ended December 31, 2023 and 2024 were prepared in accordance with local accounting standards. However, they were not audited because there are no statutory audit requirements.

(iii) The paid-in capital of Atom Zhenjiang was RMB500,000 as at June 30, 2025, the Company further injected RMB40,000,000 as paid-in capital into Atom Zhenjiang in August 2025. [As at the date of this report, the paid-in capital of Atom Zhenjiang was RMB40,500,000].

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities	Redemption liabilities at FVTPL	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	449	693,075	–	693,524
Financing cash flow	(777)	316,800	–	316,023
Non-cash changes:				
Finance costs	37	–	–	37
Deemed distribution to preferred shares investors arising from redemption liabilities on Series A+ Transfer Consideration	–	10,722	–	10,722

* *English name is for identification purpose only.*

	Lease liabilities	Redemption liabilities at FVTPL	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value gain on financial liabilities at FVTPL	–	(72,083)	–	(72,083)
Exchange difference	(5)	–	–	(5)
New leases entered	2,657	–	–	2,657
As at December 31, 2023	2,361	948,514	–	950,875
Financing cash flow	(748)	167,900	–	167,152
Non-cash changes:				
Finance costs	71	–	–	71
Fair value loss on financial liabilities at FVTPL	–	98,055	–	98,055
Early termination of leases	(814)	–	–	(814)
Exchange difference	(1)	–	–	(1)
As at December 31, 2024	869	1,214,469	–	1,215,338
Financing cash flow	(319)	–	–	(319)
Non-cash changes:				
Finance costs	18	–	–	18
New leases entered	234	–	–	234
Fair value loss on financial liabilities at FVTPL	–	85,713	–	85,713
Deferred issue costs recognised	–	–	678	678
As at June 30, 2025	802	1,300,182	678	1,301,662

	Lease liabilities	Redemption liabilities at FVTPL	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	2,361	948,514	–	950,875
Financing cash flow	(425)	40,400	–	39,975
Non-cash changes:				
Finance costs	46	–	–	46
Fair value loss on financial liabilities at FVTPL	–	16,038	–	16,038
As at June 30, 2024 (unaudited)	1,982	1,004,952	–	1,006,934

36. SUBSEQUENT EVENTS

[Saved as disclosed in Notes 2, 12, 25, 29, 30 and 34 to the Historical Financial Information, there is no other significant event took place after the Track Record Period and up to the date of this report.]

37. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to June 30, 2025 and up to the date of this report.]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an [**REDACTED**] in the H shares, nor does it take into account the specific circumstances of any particular [**REDACTED**], some of which may be subject to special regulation. Accordingly, you should consult your own tax advisor regarding the tax consequences of an [**REDACTED**] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisors regarding the PRC and other tax consequences of [**REDACTED**] and [**REDACTED**] of the H shares.

Taxation in Mainland China

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC ("中華人民共和國個人所得税法"), or the Individual Income Tax Law, amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China ("中華人民共和國個人所得税法實施條例") amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies ("關於上市公司股息紅利差別化個人所得税政策有關問題的通知") issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend and bonus income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend and bonus income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排"), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ("國家税務總局關於《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》第五議定書"), or the Fifth Protocol, issued by the State Administration of Taxation and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC ("中華人民共和國企業所得税法"), or the EIT Law, amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC ("中華人民共和國企業所得税法實施條例"), or the Implementation Rules of the EIT Law, amended by the State Council and effective on 20 January 2025, a non-resident enterprise is subject to a 10% EIT on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises ("關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知") issued by the State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares ("關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆") promulgated by the State Administration of Taxation and effective 24 July 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by

issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("對所得避免雙重徵税和防止偷漏税的安排"), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax Related to Equity Transfer Income

Individual Investors

Under the Individual Income Tax Law and its implementation regulations, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals ("關於個人轉讓股票所得繼續暫免徵收個人所得税的通知"), which was promulgated by the MOF and the State Administration of Taxation and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non- PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect ("關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知") promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds ("關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告") which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect ("關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知"), dividends derived by mainland enterprises from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to which, dividend income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect ("關於深港股票市場交易互聯互通機制試點有關稅收政策的通知") promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds ("關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告") promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 4 December 2019 and effective on 5 December 2019 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds ("關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告") which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect ("關於深港股票市場交易互聯互通機制試點有關稅收政策的通知"), dividends derived by mainland enterprises investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. In particular, dividend and bonus income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China ("中華人民共和國印花税法"), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H Shares by non-Mainland China investors outside of the Mainland China is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

Estate duty

According to PRC law, no estate duty is currently levied in the Mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China ("中華人民共和國企業所得税法"), enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the People's Republic of China are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for enterprise income tax.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC ("中華人民共和國增值税暫行條例") amended by the State Council and became effective on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC ("中華人民共和國增值税暫行條例實施細則") amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

According to the Notice on the Adjustment to VAT Rates ("關於調整增值税税率的通知") (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and became effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform ("關於深化增值税改革有關政策的公告") (2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Application of Low Value Added Tax Rates and Simplified Methods for Collecting Value Added Tax on Some Goods ("財政部國家税務總局關於部分貨物適用增值税低税率和簡易辦法徵收增值税政策的通知") promulgated on 19 January 2009, and was revised on 25 May 2012 and 13 June 2014 respectively, general taxpayers who sell self-produced biological products made from microorganisms, microbial metabolites, animal toxins, human or animal blood or tissues may choose to calculate and pay value-added tax at a rate of 3% pursuant to the simplified method.

According to the Notice on VAT Policies for Anti-cancer Drugs ("關於抗癌藥品增值税政策的通知") promulgated on April 27, 2018 by the Ministry of Finance, General Administration of Customs, State Administration of Taxation and State Drug Administration, with effect from 1 May 2018, VAT general taxpayers engaging in manufacturing and sale, wholesale, and retail of anti-cancer drugs may opt to compute and pay VAT in accordance with the simple method and based on 3% levy rate. Upon computation and payment of VAT by the aforesaid taxpayers using the simple method, no change shall be made within 36 months.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control ("中華人民共和國外匯管理條例") amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange ("結匯,售匯及付匯管理規定") promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters ("國務院關於取消和調整一批行政審批項目等事項的決定") promulgated by the State Council and effective on 24 February 2025, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing ("國家外匯管理局關於境外上市外匯管理有關問題的通知") promulgated by the SAFE and became effective on 26 December 2014, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as "domestic companies") listed overseas are as follows:

(i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.

(ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.

(iii) After the overseas listing of a domestic company, its domestic shareholders who intend to increase or reduce their shareholding in an overseas listed company according to relevant regulations shall register the overseas shareholding with the local foreign exchange bureau at the place where the domestic shareholders are located within 20 working days prior to the proposed increase or reduction of shareholding with relevant materials.

(iv) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment ("國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知") issued on 13 February 2015 and came into effect on 1 June 2015, the SAFE has canceled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies ("國家外匯管理局關於改革和規範資本項目結匯管理政策的通知") issued and implemented by the SAFE on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》). The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential [**REDACTED**]. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this Document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》), or the Legislation Law, which was amended by the NPC on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions for approval before implementation.

The Standing Committees of the People's Congress of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries and commissions under State Council, the People's Bank of China, the National Audit Office and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the People's Courts of the People's Republic of China is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Organic Law of the People's Procuratorates of the People's Republic of China (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (2023 Amendment) (《中華人民共和國民事訴訟法(2023年修訂)》), or the Civil Procedure Law of the People's Republic of China, adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law of the People's Republic of China. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE COMPANY LAW OF THE PEOPLE'S REPUBLIC OF CHINA, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The Company Law of the People's Republic of China, or the Company Law, was adopted by Fifth Session of the Standing Committee of the Eighth National People's Congress on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised Company Law came into effect on 1 July 2024.

The Trial Measures and its five interpretative guidelines promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the Guidelines for Articles of Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 15 December 2023.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, shareholding or claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at shareholders' meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholders' meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for a company's

distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of a company include:

(i) To receive dividends and other forms of interest distribution according to the number of shares held;

(ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' meeting and exercise corresponding voting rights;

(iii) To supervise business operations of our Company, provide suggestions or submit queries;

(iv) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To read and copy the Articles of Association, the register of Shareholders, minutes of shareholders' meeting, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports;

(vi) Shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may inspect the company's accounting books and accounting vouchers as required by laws;

(vii) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(viii) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;

(ix) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where our Company's shares are listed, or the Articles of Association.

The obligations of a shareholder of a company include:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed for and Share participation methods;

(iii) Not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed.

Shareholder's Meetings

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the supervisory committee;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the company's articles of association;

(ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the board of directors;

(v) the supervisory committee proposes to convene the meeting;

(vi) other circumstances as stipulated in the articles of association.

Shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the Deputy Chairman. In the event that the Deputy Chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholder's meeting, the supervisory committee should convene and preside over shareholders' meeting in a timely manner. If the supervisory committee fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an extraordinary shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the meeting of shareholders. The convener shall issue a supplementary notice of the meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting.

The board of directors exercises the following functions and powers:

(i) to convene shareholder's meetings and report its work to the shareholder's meetings;

(ii) to implement the resolutions of the shareholder's meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for cake, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(ix) to formulate a company's basic management system;

(x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the

directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' meetings and convene and preside over board meetings;

(ii) to examine the implementation of resolutions of the Board;

(iii) to exercise other powers conferred by the Board.

Supervisors

Under the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the supervisory committee shall be democratically elected by the company's employees at the employee representative assembly, employee meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The supervisory committee exercises the following powers:

(i) to examine the company's financial affairs;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of shareholders' meetings;

(iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;

(iv) to propose the convening of extraordinary general meetings, and to convene and preside over shareholders' meetings when the Board fails to perform the duty of convening and presiding over shareholders' meetings under the Company Law;

(v) to submit proposals to the shareholders' meeting;

(vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law;

(vii) other functions and powers specified in the articles of association.

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible for the board of directors and exercises his/her functions and powers according to the Articles of Association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from:

(i) embezzling the company's property or misappropriating of the company's capital;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company; or

(vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the Articles of Association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the meeting or the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the supervisory committee in accordance with the articles of association. The accounting firm should be allowed to make representations when the meeting, the board of directors or the supervisory committee conduct a vote on the dismissal of the accounting firm.

The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the meeting of shareholders.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the meeting or the shareholders' meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's property and respectively prepare balance sheet and list of property;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) distributing the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancelation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law of the People's Republic of China, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law of the People's Republic of China (2019 Amendment) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the Mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》), or the PRC Securities Law, which was amended by the Standing Committee of the NPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates

activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》), or the Arbitration Law, amended by the Standing Committee of the NPC on September 1 2017 and effective on January 1 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law of the People's Republic of China. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on 26 November 2020 and effective on 27 November 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix contains a summary of the principal provisions of the Articles of Association of the Company which will be effective from the date of [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. This appendix is primarily intended to provide potential [**REDACTED**] with an overview of the Company's Articles of Association and therefore may not contain all the information that is material to potential [**REDACTED**].

ISSUANCE OF SHARES

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws, regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders' meeting:

(1) Public issuance of shares;

(2) Non-public issuance of shares;

(3) Distribution of bonus shares to existing shareholders;

(4) Converting the reserve funds into share capital;

(5) Other means approved by the laws, administrative regulations or approved by relevant regulatory authorities such as the securities regulatory department of the State Council and regulatory authority where the Company's shares are listed.

The Company may decrease the registered capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law") and other regulations, and the Articles of Association.

Our Company shall not repurchase its own shares, unless otherwise under the circumstances:

(1) Reducing our Company's registered capital;

(2) Merging with other companies which hold our shares;

(3) Using the shares for an employee stock ownership plan or equity incentive plan;

(4) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;

(5) Use of shares for conversion of convertible corporate bonds issued by the Company;

(6) Necessary for the Company to maintain its value and protect the interests of the Shareholders.

(7) Other circumstances permitted by laws, administrative regulations, and the regulatory rules of the stock exchange where the Company's shares are listed (including the Hong Kong Listing Rules).

The repurchase of the Company's shares by the Company may be carried out through public centralized trading, or other methods recognized by laws, administrative regulations, the CSRC and securities regulatory authorities of the stock exchange where the Company's shares are listed. If the share repurchase is made under the circumstances stipulated in (3), (5) or (6) above, it shall be conducted through public centralized trading.

A resolution shall be passed at the shareholders' meeting when the Company is to repurchase its own shares under the circumstances (1) and (2) set out above. In case of the circumstances stipulated in (3), (5) and (6) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the provisions of the Articles of Association or the authorization of the shareholders' meeting.

After the Company has repurchased its own shares in accordance with the circumstances above, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (1) above), or shall be transferred or canceled within six months (under the circumstances set out in (2) and (4) above). If the Company repurchases its shares under the circumstances set out in (3), (5) and (6) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

TRANSFER OF SHARES

Shares issued prior to the public offering of shares of the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded on the stock exchange.

The Directors and senior management of the Company shall declare the Company of their holdings of shares of the Company and the changes therein. The shares transferred by them during each year of their tenures shall not exceed 25% of their total holdings of shares of the Company. The shares of the Company held by them shall not be transferred within one year

from the date on which the Company's shares are listed for trading. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company. Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise with respect to the restrictions on the transfer of overseas listed shares, such rules shall also be applicable.

If the shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge within the restricted transfer period.

Any gains from sale of Company's shares or other securities with the nature of equity by the Directors and senior management members or shareholders holding 5% or more of the Company's shares with voting rights within six months after their purchase of the same, and any gains from the purchase of the shares by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, such restriction shall not apply for securities companies which holds 5% or more of the Company's shares as a result of its undertaking of the untaken shares in an offer, or other circumstances stipulated by the CSRC and the regulatory rules of the place where the Company's shares are listed.

Shares or other securities with the nature of equity held by Directors, senior management and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the provision set forth in Paragraph 1 of this Article, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in Paragraph 1 of this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The Company shall guarantee the register of shareholders of foreign shares listed overseas is open to inspections during business hours by the shareholders without charge at the appointed overseas agent(s), provided that the Company may be permitted to close the register on terms equivalent

to section 632 of the Hong Kong Companies Ordinance. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

(1) To receive dividends and other forms of interest distribution according to the number of shares held;

(2) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' meeting and exercise corresponding voting rights and the right to speak (unless certain shareholders are required to waive their voting rights on specific matters pursuant to securities regulatory rules for the Company's listed shares);

(3) To supervise business operations of our Company, provide suggestions or submit queries;

(4) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(5) To read and copy the Articles of Association, the register of Shareholders, shareholders' meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports;

(6) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(7) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;

(8) Shareholders who hold more than 3% of the Company's shares individually or collectively for more than 180 consecutive days may require to inspect the Company's accounting books and accounting vouchers as required by laws;

(9) Other rights conferred by laws, administrative regulations, departmental rules, regulatory rules of the place where our Company's shares are listed (including the Hong Kong Listing Rules), or the Articles of Association.

If the shareholders request to check relevant information or ask for materials listed in the preceding Article, they shall provide written documents which prove the category and number of their shares. The Company shall provide the shareholders such information as required after verification of the identities of the shareholders.

If the content of the resolution of the Company's shareholders' meeting or Board of Directors violates laws, administrative regulations, the shareholders have the right to request the People's Court to clarify it invalid. If the convening procedures or voting methods of the shareholders' meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the shareholders have the right to request the People's Court to revoke the resolution within 60 days from the date on which the resolution is made. However, the resolution shall not be revoked if there are only minor flaws in the convening procedures or voting methods of the shareholders' meeting or the Board meeting resulting in no substantial impact on the resolution.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or the Articles of Association by the Directors or senior management when performing their duties in our Company, the Shareholders holding more than 1% shares with voting rights separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the People's Court. Where the Audit Committee violates laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the aforementioned Shareholders may submit a written request to the Board of Directors to file an action with the People's Court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the People's Court for the interest of our Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholder(s) specified in Paragraph 1 of this Articles may file an action with the People's Court pursuant to the provisions of the preceding two paragraphs.

If the directors, supervisors, or senior management of a wholly-owned subsidiary of the Company violate laws, administrative regulations, or the Articles of Association while performing their duties, causing losses to the Company, or if others infringe upon the legitimate rights and interests of the wholly-owned subsidiary of the Company and cause losses, the shareholders who hold more than 1% of the shares with voting rights of the Company individually or collectively for more than 180 consecutive days may, in accordance with the preceding three paragraphs, request the Board of Supervisors or the Board of Directors of the wholly-owned subsidiary to file a lawsuit in the People's Court in writing or directly file a lawsuit in their own name with the People's Court. If the directors or senior management violate laws, administrative regulations, or the Articles of Association, infringing the interests of shareholders, shareholders may file a lawsuit in the People's Court.

The obligations of Shareholders are as follows:

(1) To abide by laws, administrative regulations and the Articles of Association;

(2) To provide Share capital according to the Shares subscribed and the subscription methods;

(3) Not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;

(4) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; any company Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law;

(5) To perform other duties prescribed in laws, administrative regulations, departmental rules, normative documents, the regulatory rules (including the Hong Kong Listing Rules) of the place(s) where the Company's shares are listed and the Articles of Association.

Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

If a shareholder holding more than 5% of the voting shares of the Company pledges the shares he or she holds, he or she shall make a written report to the Company from the date of occurrence of such fact.

If a shareholder, through two or more companies under his control, commits an act under the preceding paragraph, each company shall be jointly and severally liable for the debts of any one of the companies.

The controlling Shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company. Those who violate the Articles of Association and cause losses to the Company shall be liable for compensation.

Controlling Shareholders and actual controllers of the Company shall have a duty of good faith to the Company and public Shareholders. Controlling Shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the legitimate rights and interests of the Company or of public Shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the capital occupation or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of public Shareholders.

GENERAL PROVISIONS FOR SHAREHOLDERS' MEETINGS

The shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

(1) To elect and replace the Directors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors;

(2) To examine and approve reports of the Board of Directors;

(3) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(4) To decide on any increase or decrease of the Company's registered capital;

(5) To decide on the issue of corporate bonds by the Company;

(6) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(7) To amend the Articles of Association;

(8) To decide on appointment and dismissal of an accounting firm by the Company;

(9) To examine and approve the external guarantees stipulated in Article 41;

(10) To examine matters relating to the purchases and sales of the Company's (including its holding subsidiaries) material assets within one year, which exceed 30% of the Company's latest audited total assets;

(11) To examine and approve matters relating to changes in the use of proceeds;

(12) To examine the equity incentive plans and employee stock ownership plans;

(13) To examine all transactions where the Company's percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules relating to percentage ratios are not less than 25% (including one-off transactions and a series of transactions which require combined percentage ratio calculation) and related transactions where the percentage ratios are not less than 5% (including one-off transactions and a series of transactions which require combined percentage ratio calculation);

(14) To examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, which shall be decided by the shareholders' meeting.

The following acts of external guarantee of the Company (including its holding subsidiaries) shall be submitted to the shareholders' meeting for deliberation and approval:

(1) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;

(2) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlling subsidiary has exceeded 30% of the Company's total assets as audited in the latest period;

(3) Any guarantees by the Company in an amount exceeding 30% of the Company's latest audited total assets within one year;

(4) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(5) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(6) The guarantee to be provided to a Shareholder, or to an actual controller and related party thereof;

(7) Other guarantees required by the laws, regulations, normative documents, the regulatory rules of the place where the Company's shares are listed (including the Hong Kong Listing Rules) or the Articles of Association.

In the event of any loss to the Company due to the violation of the approval authority and review procedures for the provision of external guarantees, the relevant directors, senior management and other responsible entities shall be liable for damages in accordance with the law.

The shareholders' meetings are divided into annual shareholders' meetings and extraordinary s. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(1) The number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(2) The uncovered losses of our Company reach one-third of its total share capital;

(3) A request from shareholders who separately or jointly hold 10% or more shares with voting rights (on a one share, one vote basis) in the Company;

(4) The Board of Directors considers it necessary;

(5) The Audit Committee proposes that such a meeting shall be held;

(6) Other circumstances conferred by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed (including the Hong Kong Listing Rules) or the Articles of Association.

CONVENING OF SHAREHOLDERS' MEETINGS

The shareholders' meeting shall be convened by the Board of Directors. The independent non-executive Directors shall have the right to propose to the Board to convene an extraordinary shareholders' meeting. As for the resolution proposed by independent non-executive directors to request the convening of an extraordinary shareholders' meeting, the Board shall, in accordance with relevant laws, administrative regulations, regulatory rules of the place where the Company's shares are listed (including the Hong Kong Listing Rules) and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary shareholders' meeting within 10 days after the receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. If the Board does not agree to convene the extraordinary shareholders' meeting, it shall give the reasons and make an announcement.

The Audit Committee shall have the right to propose to the Board in writing to convene an extraordinary shareholders' meeting. The Board shall, in accordance with relevant laws, administrative regulations, regulatory rules of the place where the Company's shares are listed (including the Hong Kong Listing Rules) and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary shareholders' meeting within 10 days after the receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. Any changes to be made to the original request in the notice shall be subject to approval of the Audit Committee. If the Board does not agree to convene an extraordinary shareholders' meeting or fails to give a response within 10 days after the receipt of the proposal, the Audit Committee may convene and preside over such meeting on its own on the ground that the Board of Directors was unable or failed to perform its duty to convene a shareholders' meeting.

Shareholders who individually or collectively hold more than 10% of the shares with voting rights of the Company (on a one share, one vote basis) shall have the right to request the Board of Directors to convene an extraordinary shareholders' meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall in accordance with the provisions of laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether or not to convene the extraordinary shareholders' meeting within 10 days after receiving the request. Where the Board of Directors agrees to convene an extraordinary

shareholders' meeting, it shall issue a notice of convening the shareholders' meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary shareholders' meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares with voting rights have the right to propose to the Audit Committee to hold an extraordinary shareholders' meeting, and shall make a written request to the Audit Committee. Where the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of convening the shareholders' meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the shareholders' meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares with voting rights for more than 90 consecutive days may convene and preside over it on their own.

If the Audit Committee or shareholders decide to convene a general meeting on their own, they shall complete the necessary reports or announcements in accordance with the securities regulatory rules and the provisions of the stock exchange of the place where the Company's shares are listed. Before the announcement of the resolution of the general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Audit Committee or convening shareholders shall complete the necessary report or announcement in accordance with the securities regulatory rules and the provisions of the stock exchange of the place where the Company's shares are listed when issuing the notice of general meeting and the announcement of resolutions of general meeting. The Board of Directors and the secretary to the Board shall cooperate with respect to the general meeting convened by the Audit Committee or the Shareholders on their own. The Board of Directors shall provide the register of Shareholders as of the shareholding record date. Where a general meeting is convened by the Audit Committee or the Shareholders on their own, all necessary expenses arising therefrom shall be borne by the Company.

PROPOSALS AND NOTICES OF SHAREHOLDERS' MEETINGS

When the Company convenes the shareholders' meeting, the Board of Directors, the Audit Committee and Shareholders that hold, individually or collectively, 1% or more of the Shares with voting rights of the Company shall have the right to propose resolutions to the Company.

Shareholders that hold, individually or collectively, 1% or more of the Shares with voting rights of the Company may submit temporary proposals in writing to the convener 10 days before the convening of the shareholders' meeting. Temporary proposals shall clearly state the agenda and specific resolutions to be adopted. The convener shall give a supplemental notice of the shareholders' meeting within 2 days upon receipt of the proposals and announce the contents of the temporary proposals, except for the cases where temporary proposal violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall

within the scope of the authority of the shareholders' meeting. If the shareholders' meeting is postponed due to the issuance of a supplementary notice of the shareholders' meeting in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the convening of the shareholders' meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except for the circumstances provided for in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the notice of the shareholders' meeting.

The shareholders' meeting shall not vote and make resolutions on proposals that are not specified in the notice of the shareholders' meeting or do not conform to the provisions of the Articles of Association.

The convener of an annual shareholders' meeting shall notify all Shareholders by means of a written notice 21 days before the meeting; the convener of an extraordinary shareholders' meeting shall notify all Shareholders by means of an announcement 15 days before the meeting. The period specified above excludes the meeting date. Where the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed provide otherwise in respect of the matter, such rules shall also be applicable.

A notice of a shareholders' meeting shall include the following:

(1) the time, venue and duration of the meeting;

(2) matters and proposals submitted to the meeting for consideration;

(3) a prominent written statement that all Shareholders are entitled to attend shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company; if a shareholder has appointed a proxy to attend any meeting, it shall be considered as attending in person;

(4) Other requirements stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

After the notice of the shareholders' meeting is issued, the shareholders' meeting shall not be postponed or canceled without justifiable reasons, and the proposals listed in the notice of the shareholders' meeting shall not be canceled. Once there is a postponement or cancelation, the Company shall make an announcement and explain the reasons immediately. If the securities regulatory rules of the place where the Company's shares are listed have special provisions on the procedures for postponing or canceling the shareholders' meeting, it shall comply with the relevant provisions.

CONVENING OF SHAREHOLDERS' MEETINGS

All shareholders or their proxies in the register of members on the record date are entitled to attend the shareholders' meeting and exercise voting rights (including waiving voting rights on specific matters in accordance with relevant regulations) in compliance with applicable laws, regulations, the regulatory rules of the stock exchange where the Company's shares are listed (including the Hong Kong Listing Rules), and these Articles of Association.

Shareholders can attend the Shareholders' general meeting in person or appoint proxies to attend and vote on their behalf. Each shareholder has the right to appoint one proxy, who need not be a shareholder of the Company.

A corporate shareholder shall be represented by its legal representative or a proxy authorized by such representative to attend the meeting. If the legal representative attends, he or she must present their ID card and valid documentation certifying their status as legal representative. If a proxy is designated, the proxy shall present their ID card and a written power of attorney duly issued by the legal representative of the corporate shareholder. A corporate shareholder shall be deemed present in person if it has duly appointed a representative to attend the meeting.

When the shareholders' meeting is convened, all Directors and secretary of the Board shall attend shareholders' meetings of the Company, and the General Manager and other senior management shall observe the meeting. Subject to compliance with the securities regulatory rules of the place where the shares of the Company are listed, the aforementioned persons may attend or observe the meeting through the internet, video, telephone or other means with equivalent effect.

A shareholder's meeting shall be presided over by the Chairman of the Board. Where the Chairman of the Board is unable or fails to perform his/her duties, the meeting shall be presided over by a Director jointly elected by more than half of the Directors. A shareholders' meeting convened by the Audit Committee shall be presided over by the Chairman of the Audit Committee. Where the Chairman of the Audit Committee is unable or fails to perform his/her duties, the meeting shall be presided over by one member jointly elected by more than half of the member of the Audit Committee. A shareholders' meeting convened by Shareholders shall be presided over by a representative elected by convener(s).

Where the host of the meeting violates the rules of procedure and makes it impossible to continue the meeting, with the consent of more than half of the Shareholders present at the meeting with voting rights, the shareholders' meeting may elect a person to serve as the host of the meeting and continue the meeting.

The convener shall make sure that the contents of minutes of the meeting are true, accurate and complete. Directors, the secretary to the Board of Directors, the convener or his/her representative and the host of the meeting shall sign on the minutes of the meeting and

confirm their truth, accuracy, and completeness. The minutes of the meeting should be maintained with the register for signing of attending shareholders and the proxy form of their proxies, and the maintaining period shall not be less than ten years.

The convener shall ensure the shareholders' general meeting is held without adjournment until the final resolution is reached. Where special reasons such as force majeure have led to the suspension of the meeting or no resolution can be adopted, necessary measures should be taken to resume the meeting, or to end the meeting directly with a timely announcement.

VOTING AND RESOLUTION AT THE SHAREHOLDERS' MEETING

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' meeting (including their proxies). A special resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' meeting (including their proxies).

The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

(1) Work reports of the Board of Directors;

(2) Plans of earnings distribution and recovery of losses schemes drafted by the Board of Directors;

(3) Appointment or dismissal of the members of the Board of Directors, their remunerations and the payment method;

(4) The Company's engagement and dismissal of the accounting firm and the decision on their remunerations;

(5) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' meeting:

(1) The increase or reduction of the registered capital of the Company;

(2) The merger, division, spin-off, dissolution and liquidation of the Company, or change of the Company's structure;

(3) Any amendment to the Articles of Association;

(4) The purchase and sale of material assets by the Company (including its controlling subsidiary) within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;

(5) Employee stock ownership plan and equity incentive plan;

(6) Other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent. Each share shall carry one vote. When voting on stocks, shareholders (including shareholder proxies) who have two or more voting rights do not need to cast all voting rights in favor, against or abstain from voting.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' meeting.

If any law, administrative regulation, departmental rule, or the regulatory rules of the stock exchange where the Company's shares are listed (including the Hong Kong Listing Rules) stipulate that a shareholder shall abstain from voting, waive their voting rights, or is restricted to voting only for or against a particular resolution, then any vote cast by that shareholder or their proxy in violation of such stipulations or restrictions shall not be counted.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons and shall be subject to the qualification required by the laws, administrative regulations, and departmental rules. A person may not serve as a Director of the Company in case of any of the following circumstances:

(1) the person without civil conduct capacity or with limited civil conduct capacity;

(2) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

(3) the person who is a director, factory director or General Manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;

(4) the person who is a legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license and shut down;

(5) the person listed as a judgment defaulter by the People's Court because the amount of debt he bears is relatively large and the debt is not paid off when it is due;

(6) the person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;

(7) other contents stipulated by laws, administrative regulations, departmental rules, normative documents or the regulatory rules of the place where the shares of the Company are listed (including the Hong Kong Listing Rules), or relevant regulatory authorities.

For any election and appointment of a Director in contravention of the Article, such election, appointment or employment shall be void and null. Where a Director falls into any of the circumstances stipulated in this article in his term of office, the Director shall be removed from office by the Company.

Directors shall be elected or replaced by the Shareholders' meeting and may be removed from their positions by an ordinary resolution of the Shareholders' meeting before the expiration of their term, provided that such removal shall not affect any claim for damages that the director may have under any contract. The term of office for Directors shall not exceed three years, and directors may be re-elected upon the expiration of their term.

The term of a Director shall commence from the date of assumption of office and end upon the expiry of the current Board's term. If a new Director is not elected in a timely manner upon the expiry of the term, the original Director shall continue to perform their duties in accordance with the requirements under the relevant laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected Director assumes office.

The general manager or other senior management members may concurrently serve as Directors, provided that the total number of Directors who concurrently serve as general manager or other senior management members shall not exceed half of the total number of Directors of the Company. Subject to compliance with the applicable laws, regulations, and regulatory rules of the stock exchange where the Company's shares are listed, if the Board of

Directors appoints a new director to fill a casual vacancy or as an addition to the Board, such appointed director shall hold office only until the first annual general meeting of the Company following his or her appointment, and shall be eligible for re-election at that meeting.

The Board of Directors shall include one employee representative director, who shall be democratically elected by the Company's employees through an employee representative meeting, employees meeting, or other forms, and will assume the Board position directly without requiring review by the shareholders' meeting.

A director may resign before his or her term of office expires by submitting a written resignation to the Board of Directors. The Board shall disclose the relevant circumstances in a timely manner. If the securities regulatory authorities where the Company's shares are listed prescribe otherwise, such provisions shall prevail.

The Company shall establish a system for independent directors (independent non-executive directors). The Company shall convene dedicated meetings of independent directors on a regular or ad hoc basis, which shall be attended by all independent directors. Independent non-executive directors shall perform their duties in accordance with the relevant laws, administrative regulations, the CSRC, and the securities regulatory authorities where the Company's shares are listed. Matters relating to the qualification, nomination, election, replacement, and special authorities of independent non-executive directors shall be specified in separate rules to be adopted by the Board of Directors.

BOARD OF DIRECTORS

The Company has established a Board of Directors which shall be accountable to the shareholders' meetings.

The Board of Directors shall consist of nine directors, including three independent non-executive directors. At least one of the independent non-executive directors must possess appropriate accounting or related financial management expertise, or appropriate professional qualification as required by the securities regulatory authorities where the Company's shares are listed. In addition, at least one independent non-executive director must be ordinarily resident in Hong Kong. The Board shall include at least one director of each gender.

The Board shall exercise the following duties and powers:

(1) to convene shareholders' meetings and report its work to the shareholders' meetings;

(2) to implement the resolutions of the shareholders' meetings;

(3) to resolve business operation plans and investment plans of the Company;

(4) to formulate the profit distribution plans and plans for recovery of losses of the Company;

(5) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(6) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution and change of the form of the Company;

(7) to determine, to the extent authorized by the shareholders' meeting, on such matters as the external investments, purchase or sale of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions and external borrowing of the Company;

(8) to determine the internal management structure of the Company and establishment of the Board's specialized committees;

(9) to determine the appointment or dismissal of the general manager of the Company, the Board secretary and other senior managements and determine their remuneration, rewards and penalties; and based on the nomination of the general manager, to determine the appointment or dismissal of the senior management including deputy general manager and chief financial officer of the Company and determine their remuneration, rewards and penalties;

(10) to formulate and amend the basic management system of the Company;

(11) to formulate proposals for any amendment of the Articles of Association;

(12) to manage the information disclosure of the Company;

(13) to propose to the shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company, and to appoint an accounting firm to fill a casual vacancy. An accounting firm so appointed shall hold office only until the next annual general meeting and shall be eligible for re-election at that meeting;

(14) to listen to work reports of the general manager of the Company and review his/her work;

(15) to review and approve transactions (including but not limited to disclosable transactions and connected transactions) that are required to be decided by the Board of Directors under the regulatory rules of the place where the Company's shares are listed, including the Hong Kong Listing Rules;

(16) other duties as stipulated in laws, administrative regulations, departmental rules, regulatory rules of the place where the shares of the Company are listed (including the Hong Kong Listing Rules) and the Articles of Association.

Matters beyond the scope of the general meeting's authorization should be submitted to the general meeting for consideration.

The Board of Directors shall establish Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. These special committees are accountable to the Board and shall perform their duties in accordance with this Articles of Association and the authorization granted by the Board. Proposals made by the special committees shall be submitted to the Board for review and decision. All members of each special committee shall be composed of directors. The specific composition, qualification requirements, and other related matters shall comply with the laws, administrative regulations, departmental rules, and the regulatory requirements of the place where the Company's shares are listed, including the Hong Kong Listing Rules. The Board of Directors shall be responsible for formulating the rules of procedure for the special committees to standardize their operations. The Audit Committee shall primarily be responsible for reviewing the Company's financial information and its disclosure, as well as overseeing and evaluating the internal and external audit processes and internal control systems. The Nomination Committee shall primarily be responsible for proposing the selection criteria and procedures for directors and senior management, and for nominating and reviewing candidates for such positions and their qualifications. The Remuneration and Assessment Committee shall be primarily responsible for establishing performance evaluation standards for directors and senior management, conducting evaluations, as well as formulating and reviewing their remuneration policies and schemes.

The Board of Directors shall have one Chairman. The Chairman shall be elected by a majority vote of all directors of the Board.

A meeting of the Board of Directors may be held only if a majority of directors are present. Resolutions of the Board shall require approval by a majority vote of all directors, unless otherwise provided by applicable laws, administrative regulations, departmental rules, the regulatory requirements of the place where the Company's shares are listed (including the Hong Kong Listing Rules), or these Articles of Association. Each director shall have one vote in Board resolutions.

Where a Director has any connected relationship with the enterprise involved in the matter to be decided at the Board meeting, he/she shall not exercise his/her voting rights on the resolution, nor shall he/she exercise his/her voting rights on behalf of other Directors. The quorum of such a Board meeting shall be more than half of all the non-connected Directors, and resolutions of the Board meetings must be passed by an affirmative vote of a majority of non-connected directors, in accordance with applicable laws, administrative regulations, departmental rules, the regulatory requirements of the place where the Company's shares are listed (including the Hong Kong Listing Rules), and these Articles of Association. If the number of non-connected Directors in presence is less than 3 persons, the matter shall be submitted to the shareholders' meeting for deliberation. If there are any additional restrictions imposed by laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed on the participation of Directors in the Board meetings and the voting, such provisions shall prevail.

Directors shall attend Board meetings in person. If any Director is unable to attend the meeting for any reason, he/she may appoint another Director by a written power of attorney to attend the meeting on his/her behalf. When considering connected transactions, non-connected directors must not appoint connected directors as their proxies to attend Board meetings. A director who does not attend a Board meeting and does not appoint a proxy shall be deemed to have waived his or her voting rights at that meeting.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall have one General Manager who shall be appointed or dismissed by the Board. The Company shall have several deputy General Managers, one Chief Financial Officer, and one Secretary to the Board, all of whom shall be appointed or dismissed by the Board of Directors. The General Manager, deputy General Managers, Chief Financial Officer, and Secretary to the Board shall constitute the senior management of the Company.

The provisions of these Articles of Association regarding the disqualifications for directors shall apply equally to senior management. The provisions concerning the fiduciary duties and the duty of diligence of directors shall likewise apply to senior management. An individual holding an administrative position (other than as a director or supervisor) in a controlling shareholder of the Company shall not serve as a senior management member of the Company.

The General Manager shall serve for a term of 3 years and may serve consecutive terms if re-appointed.

The General Manager of our Company is responsible to the Board of Directors and exercises the following powers:

(1) To be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(2) To organize and implement the Company's annual business plan and investment proposals;

(3) To draft plans for the establishment of the Company's internal management organization;

(4) To draft the Company's basic management system;

(5) To draft the Company's specific regulations;

(6) To propose to the Board of Directors on the appointment or dismissal of deputy general manager and chief financial officer of the Company;

(7) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(8) Other functions and powers conferred by the Articles of Association, work regulations for the general manager or the Board of Directors.

The Company shall have a Board secretary who is responsible for preparing for the shareholders' meetings and Board meetings, and maintaining documents and managing Shareholders' information, as well as handling information disclosure matters. The Secretary to the Board shall comply with the provisions of applicable laws, administrative regulations, departmental rules, and these Articles of Association.

The senior management of the Company shall perform their duties faithfully and safeguard the best interests of the Company and all Shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their fiduciary duties, causing damage to the interests of the Company and public Shareholders, they shall be liable for compensation in accordance with the laws.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, and regulations of relevant departments. The Company's fiscal year is based on the calendar year system, i.e., the fiscal year begins on January 1 and ends on December 31 of each calendar year.

The Company shall disclose its annual results within three months after the end of each fiscal year, and its interim results within two months after the end of the first half of each fiscal year. The Company shall disclose its annual report within four months after the end of each fiscal year, and its interim report within three months after the end of the first half of each fiscal year. The aforementioned annual results, annual report, interim results, and interim report shall be prepared in accordance with the relevant laws, administrative regulations, the rules of the CSRC, and the requirements of the stock exchange where the Company's shares are listed.

The financial statements of the Company shall be prepared in accordance with either International Accounting Standards or the accounting standards of the overseas stock exchange where the Company's shares are listed. Any interim results or financial information published or disclosed by the Company shall also be prepared in accordance with International Accounting Standards or the accounting standards of the overseas stock exchange where the Company's shares are listed.

Profit distribution

When distributing after-tax profits of the year, the Company shall allocate 10% of its profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund. Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

Subject to a resolution passed at a shareholders' meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund from its after-tax profits. Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of reserve funds, shall be distributed to Shareholders in proportion to their shareholdings. If the Company distributes profits to shareholders before the Company makes up for losses and allocates the statutory reserve fund in violation of the provisions of the preceding paragraph, Shareholders must refund to the Company the profits distributed in violation of the provisions; if losses are caused to the Company, the shareholders and the responsible Directors, and senior management shall be liable for compensation. No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of registered capital of the Company. When using capital reserves to cover the Company's losses, the discretionary reserve and statutory reserve shall be utilized first. If the losses cannot be fully covered after utilizing these reserves, the capital reserve may be used in accordance with applicable regulations. When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

The Company may distribute profits in the form of cash or a combination of cash and shares. The Company shall actively promote cash dividends as the preferred method of profit distribution. In principle, the Company shall carry out profit distribution at least once each year. The Board of Directors may, based on the Company's profitability and capital needs, propose interim or special profit distributions and submit such proposals to the shareholders' meeting for approval. Where the Company was profitable in the last fiscal year and has a positive cumulative distributable profit, it shall distribute cash dividends provided that the capital requirements for its normal production and operations are met.

Internal audit

The Company implements an internal audit system which is equipped with dedicated audit personnel to conduct internal audits for supervision of financial income and expenditure and economic activities of the Company.

The internal audit system of the Company and the duties of audit personnel shall be implemented upon approval by the Board of Directors. The head of audit shall be accountable and report to the Board of Directors.

Appointment of an Accounting Firm

The Company shall appoint independent accounting firm which has complied with the national regulations and regulatory rules of the place where the shares of the Company are listed (including the Hong Kong Listing Rules) for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed, from the conclusion of the current annual general meeting until the conclusion of the next annual general meeting of the Company.

The appointment and dismissal of accounting firm by the Company shall be subject to the approval of shareholders' meetings. The Board of Directors may appoint an accounting firm to fill a casual vacancy. An accounting firm appointed in this manner shall hold office only until the conclusion of the next annual general meeting of the Company but shall be eligible for re-election at that meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm or the method of determining audit fee shall be determined by an ordinary resolution passed at the shareholders' meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation. An accounting firm proposing to resign shall state its opinions in the shareholders' meeting whether the Company has committed any improper act.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the designated newspaper or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts. Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, such provisions shall also be complied with simultaneously.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the designated newspaper or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統), the website designated by the securities regulatory authority of the stock exchange where the shares of the Company are listed and the Company's official website within 30 days as of the date of such resolution. Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital and shall publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統), the website designated by the securities regulatory authority of the stock exchange where the shares of the Company are listed and the Company's official website within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts. Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, such provisions shall also be complied with simultaneously.

The registered capital of the Company after the reduction shall not be less than the statutory minimum amount. Following the approval of a reduction in registered capital by the shareholders' meeting in accordance with the provisions of these Articles of Association, the Company may proceed with such reduction without being subject to the requirement of a pro-rata reduction and may carry out a targeted capital reduction.

In the event of a merger or division of a company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; If the Company is dissolved, it shall go through the deregistration of the procedures in accordance with the law; If a new company is established, the company establishment registration shall be completed in accordance with the law. If the Company increases or decreases its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved upon the occurrence of the following events:

(1) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;

(2) a resolution on dissolution is passed by a shareholders' meeting;

(3) dissolution is required due to the merger or division of the Company;

(4) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;

(5) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the total voting rights of the Company may plead the People's Court to dissolve the Company.

In the event that the Company has the dissolution causes as prescribed in the preceding paragraph, it is obligated to disclose the causes of dissolution through the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 10 days.

If the Company is in the situation as described in Item (1) and (2) of Article 171 of the Articles of Association and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the shareholders' meeting. The amendment of the Articles of Association or the resolution of the shareholders' meeting as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

Where the Company is dissolved pursuant to items (1), (2), (4), or (5) of Article 171 of the Articles of Association, it shall be liquidated. The Directors are the liquidation obligators of the Company and shall establish a liquidation committee within 15 days as of the dissolution circumstance arises, and the liquidation shall be thereby started. The liquidation committee shall be composed of directors, unless otherwise stipulated in the Articles of Association or otherwise elected by the resolution of the shareholders' meeting. If the liquidation committee

is not formed within the specified time, or if it is formed but fails to commence liquidation, interested parties may apply to the People's Court for the appointment of relevant persons to form a liquidation committee to conduct the liquidation. If a liquidation obligor fails to fulfill its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

The liquidation committee shall notify the creditors within 10 days since its establishment and make public announcement on the designated newspaper or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) in the manner required by the securities regulatory authority of the stock exchange where the Company's shares are listed within 60 days. Creditors shall, within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice, within 45 days as of the date of the announcement, declare their claims to the liquidation committee. Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, such provisions shall also be complied with simultaneously.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during period of claim declaration.

After clearing the assets of the Company and preparing a balance sheet and property list, the liquidation committee shall formulate a liquidation plan for the confirmation of the shareholders' meeting or the People's Court. The remaining assets of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs and paying the taxes owed, settling the Company's debts, shall be distributed by the Company in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation. The properties of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding provisions.

If the liquidation committee, after clearing the assets of the Company and preparing a balance sheet and property list, finds that the assets of the Company are insufficient to pay off its debts, it shall immediately file an application to the People's Court for bankruptcy. After the People's Court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by People's Court.

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit the report to the shareholders' meeting or the People's Court for confirmation. The liquidation committee shall, within thirty days from the date of confirmation by the shareholders' meeting or the People's Court, submit the aforementioned report to the Company's registration authority, apply for deregistration of the Company, and announce the termination of the Company.

Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

Amendments to the Articles of Association

The Company shall amend the Articles of Association in any of the following circumstances:

(1) after amendments are made to the Company Law or other relevant laws, administrative regulations and securities regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and securities regulatory rules at the place where the shares of the Company are listed;

(2) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(3) the shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the shareholders' meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on March 9, 2012 and converted into a joint stock company with limited liability on May 28, 2025.

Our Company's head office is located at Room 201-1, Building 10, Yinhai Science and Technology Innovation Center, Xiasha Subdistrict, Qiantang District, Hangzhou City, Zhejiang Province, the PRC. Our Company has established a principal place of business in Hong Kong at 31st Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●] with the Registrar of Companies in Hong Kong. Ms. Tsui Ka Yan, one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V — Summary of the Articles of Association." A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix IV — Summary of Principal Laws and Regulations."

2. Changes in Share Capital of Our Company

The changes in the share capital of our Company during the two years immediately preceding the date of this document is set out as follows:

(a) On May 28, 2025, the registered capital of our Company increased from RMB45,250,798.39 to RMB45,250,799.

(b) On September 9, 2025, the registered capital of our Company increased from RMB45,250,799 to RMB46,274,161.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in Share Capital of Our Subsidiaries

Our Company's subsidiaries are set out note 34 in the Accountants' Report as set out in Appendix I.

On August 11, 2025, the registered capital of Atom Zhenjiang increased from RMB500,000 to RMB40,500,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Shareholders' Resolutions

At the general meeting of our Company held on September 12, 2025, among other things, the following resolutions were passed by the Shareholders:

(i) the issuance by our Company of H Shares of the nominal value of RMB1.0 each and such H Shares be [**REDACTED**] on the Stock Exchange;

(ii) the number of H Shares to be issued pursuant to the [**REDACTED**] shall be no more than [**REDACTED**]% of total issued share capital of our Company immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(iii) subject to the approval by the CSRC, upon completion of the [**REDACTED**], 35,547,920 Unlisted Shares in aggregate held by our Shareholders will be converted into H Shares on a one-for-one basis;

(iv) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed [**REDACTED**]% of the number of H Shares in issue as of the [**REDACTED**];

(v) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the [**REDACTED**]; and

(vi) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [**REDACTED**], the issue and [**REDACTED**] of the H Shares.

5. Reorganization

We have not gone through any corporate reorganization for the purpose of the [**REDACTED**]. For details of the history and development of our Company, see "History, Development and Corporate Structure."

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

The following contract (not being contracts entered into in the ordinary course of business) [has been] entered into by members of our Group within the two years preceding the date of this document that is or may be material:

[**REDACTED**]

2. Our Intellectual Property Rights

(i) Trademarks

(a) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
1. . . .	lingdoli	PRC	Our Company	5	78071236	2034.10.13
2. . . .	灵德纳	PRC	Our Company	5	78070039	2034.10.13
3. . . .	灵多通	PRC	Our Company	5	78067411	2034.10.13
4. . . .	linuric	PRC	Our Company	5	78064209	2034.10.13
5. . . .		PRC	Our Company	5	11620251	2034.03.20

(b) Trademarks under Application

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Applicant	Class	Application Number	Application Date
1 . . .	济泽清	PRC	Tibet Kangzhe Pharmaceutical Development Co., Ltd.; our Company	5	84379299	2025.03.28
2 . . .	吉舒平	PRC	Tibet Kangzhe Pharmaceutical Development Co., Ltd.; our Company	5	84353649	2025.03.28

(ii) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Place of Registration	Patent Number	Owner	Expiration Date
1. . . .	Synthesis of 3-Bromo-5-(2-ethylimidazo [1,2-a] pyridine-3-carbonyl)-2-hydroxybenzonitrile (3-溴-5-(2-乙基咪唑並[1,2-a]吡啶-3-羰基)-2-羥基苯甲腈的合成)	PRC	2020100370856	Our Company	2040.01.14
2. . . .	Compound for treating or preventing hyperuricemia or gout (用於治療或預防高尿酸血症或痛風的化合物及其用途)	Taiwan	TWI681772	Our Company	2036.09.29
3. . . .	Compounds for treating or preventing hyperuricemia or gout (一類用於治療或預防高尿酸血症或痛風的化合物)	PRC	2016108109904	Our Company	2036.09.08
4. . . .	Compound for treating or preventing hyperuricemia or gout (用於治療或預防高尿酸血症或痛風的化合物及其用途)	Japan	JP6635527B2	Our Company	2036.09.08
5. . . .	Compound for treating or preventing hyperuricemia or gout	U.S.	US10399971B2	Our Company	2036.09.08
6. . . .	Compound for treating or preventing hyperuricemia or gout (用於治療或預防高尿酸血症或痛風的化合物及其用途)	Australia	AU2016320073	Our Company	2036.09.08
7. . . .	Compound for treating or preventing hyperuricemia or gout (用於治療或預防高尿酸血症或痛風的化合物及其用途)	New Zealand	NZ741318	Our Company	2036.09.08

No.	Patent	Place of Registration	Patent Number	Owner	Expiration Date
8. . . .	Compound for treating or preventing hyperuricemia or gout (用於治療或預防高尿酸血症或痛風的化合物及其用途)	European Patent Office	EP3348557	Our Company	2036.09.08

(iii) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material to our business:

Domain Name	Registrant	Expiry Date
atomthera.com	Our Company	2025.11.01

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights that were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(i) Disclosure of Interests

Saved as disclosed below, immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming that the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Positions	Nature of Interest[1]	Description of Shares	Number of Share held as of the Latest Practicable Date	Shares held immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
					Number	% of shareholding in the Unlisted Shares/H Shares (as appropriate)[2]	% of shareholding in the total issued share capital of our Company[2]
Dr. Shi[3]	Chairperson of the Board, executive Director and chief executive officer	Beneficial owner	Unlisted Shares	14,000,000	2,333,800	21.8%	[REDACTED]
			H Shares	–	11,666,200	[REDACTED]	[REDACTED]
Mr. Jin Wenqing[4]	Executive Director, executive vice president and secretary of the Board	Interested in controlled corporation	Unlisted Shares	604,782	–	–	[REDACTED]
			H Shares	–	604,782	[REDACTED]	[REDACTED]
Ms. Chu Lingyuan[3]	Non-executive Director	Interest of spouse	Unlisted Shares	14,000,000	2,333,800	21.8%	[REDACTED]
			H Shares	–	11,666,200	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 10,726,241 Unlisted Shares and [**REDACTED**] H Shares in issue immediately upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised).

(3) Ms. Chu Lingyuan is the spouse of Dr. Shi. As such, under the SFO, she is deemed to be interested in the Shares held by Dr. Shi.

(4) Mr. Jin Wenqing is the general partner of Atom Zhongchi. As such, under the SFO, Mr. Jin Wenqing is deemed to be interested in Shares held by Atom Zhongchi.

(ii) Particulars of Service Agreements

Each of our Directors [has entered into] a service contract with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following their respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors' Remuneration

For details of the Directors' remuneration, see "Directors and Senior Management — Remuneration of Directors and Five Highest Paid Individuals."

2. Substantial Shareholders

Save as disclosed in "Substantial Shareholders," as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the voting power at any general meeting of any member of our Group.

3. Disclaimers

Save as disclosed in this Appendix:

(i) none of our Directors or any of the parties listed in "— E. Other Information — 7. Consents of Experts" of this Appendix is:

  (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

  (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(ii) none of our Directors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five suppliers; and

(iii) neither a Director nor an alternate Director is required to hold any shares in the Company by ways of qualification. Further, there are no provision in Articles of Association relating to retirement of Directors upon reaching any age limit.

D. EMPLOYEE INCENTIVE SCHEME

We have adopted the Employee Incentive Scheme on October 21, 2022 and as amended from time to time. Atom Zhongchi was established in the PRC as our employee incentive platform to implement the Employee Incentive Scheme. As of the Latest Practicable Date, Atom Zhongchi held 604,782 Shares in our Company, representing 1.3% of the total issued share capital of our Company.

The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the granting of H Shares or options by our Company to [**REDACTED**] H Shares after the [**REDACTED**]. Since the underlying Shares under the Employee Incentive Scheme have already been issued, there will be no dilutive effect on the issued Shares upon the vesting of Incentive Awards (as defined below) under the Employee Incentive Scheme.

Below is a summary of the principal terms of the Employee Incentive Scheme.

1. Purpose

For the purpose of establishing a long-term incentive mechanism of our Company, mobilizing the enthusiasm and creativity of our management, attracting and retaining the core members of our Company, enhancing our competitiveness and sustainability, thereby furthering the best interests of our Company and the Shareholders, our Company adopted the Employee Incentive Scheme.

2. Participants

The eligible participants of the Employee Incentive Scheme include management members and core technical and operational personnels of our Group (the "**Participant(s)**").

3. Administration

The Shareholders' meeting is responsible for the approval of the Employee Incentive Scheme. The Board manages the Employee Incentive Scheme's implementation, amendments, and termination. A sub-committee under the Board (consisting of Dr. Shi and Mr. Jin Wenqing) handles operational details, including proposing Participants and terms, and executing the procedures for granting Incentive Awards.

4. Form of the Employee Incentive Scheme

The Participants, as partners of Atom Zhongchi, shall subscribe for the capital contribution of its limited partnership interest, or, as the case may be, general partnership interest, by methods as stipulated in the Employee Incentive Scheme, thereby indirectly holding the Shares of our Company by virtue of their capacity as a partner of the employee incentive platform.

5. Total Number of the Underlying Shares for Incentive Awards

Participants shall be interested in a total of 604,782 Shares through holding the limited partnerships (the "**Incentive Awards**") in incentive platforms, representing 1.3% of the total issued share capital of our Company immediately prior to the [**REDACTED**].

6. Grant Price of the Incentive Award

The grant price of the Incentive Awards shall be determined by the Committee based on the contribution of the Participants to our Company, provided that the grant price shall not be lower than the audited net asset per Share of the previous fiscal year.

7. Lock-up Period

The lock-up period for the Incentive Awards shall run from the grant date until 12 months after the [**REDACTED**]. During the lock-up period, the Incentive Awards granted to the Participants under the Employee Incentive Scheme may not be transferred, used as collateral or utilized to repay debts, unless otherwise approved by the Board or in circumstances where the Participants are required for a compulsory withdraw.

8. Repurchase of the Incentive Awards

Mr. Jin Wenqing or his authorized person has the right to repurchase the entire Incentive Awards held by the Participant upon their departure for any reasons, in cases of serious misconduct, for poor performance or personal situations that risk the division of Incentive Awards.

9. Adjustment of the Incentive Awards

We are entitled to the right to make corresponding adjustments to the number of Incentive Awards granted to Participants in the event that our Company undergoes capitalization of capital reserve, distribution of dividends, splits of Shares, rights issues, Share consolidation, or payment of dividends.

10. Details of the Incentive Awards Granted Under the Employee Incentive Scheme

Apart from the awards granted to Mr. Huang Kanling, no awards have been granted under the Employee Incentive Scheme as of the Latest Practicable Date. It is expected that we will grant the awards to certain senior management and employees of our Group who had made important contributions to our Group prior to the [**REDACTED**]. As of the Latest Practicable Date, save as disclosed in "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes of Our Company — Employee Incentive Platform," none of the grantees of the Employee Incentive Scheme was a Director, senior management, external consultant or connected person of our Company.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be converted from Unlisted Shares and our H Shares to be issued pursuant to the [**REDACTED**]. All necessary arrangements [have been] made to enable our H Shares to be admitted into [**REDACTED**]. The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor is entitled to a fee of US$500,000 for acting as our sponsor in connection with the [**REDACTED**].

4. Compliance Advisor

Our Company have appointed Somerley Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange" to this document.

7. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
CITIC Securities (Hong Kong) Limited . .	A licenced corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants Registered Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
AllBright Law Offices	PRC Legal Advisors to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Promoters

The promoters of our Company are all of the 30 then Shareholders of our Company as of May 28, 2025:

No.	Name
(1)	Dr. Shi Dongfang (史東方)
(2)	Changzhou Xinshi Venture Capital Partnership (Limited Partnership) (常州鑫氏創業投資合夥企業(有限合夥))
(3)	Hangzhou Kaitai Chengde Investment Partnership (Limited Partnership) (杭州凱泰成德投資合夥企業(有限合夥)) (currently known as Hangzhou Kaitai Chengde Venture Capital Partnership (Limited Partnership) (杭州凱泰成德創業投資合夥企業(有限合夥))
(4)	Xiamen Kaitai Kanghui Private Equity Investment Fund Partnership (Limited Partnership) (廈門凱泰康慧私募股權投資基金合夥企業(有限合夥))
(5)	Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd. (珠海市麗珠醫藥股權投資管理有限公司) (currently known as Zhuhai Livzon Investment Development Co., Ltd. (珠海市麗珠投資發展有限公司))
(6)	Beijing New Power Equity Investment Fund (Limited Partnership) (北京新動力股權投資基金(有限合夥))
(7)	Hangzhou Qiantang Heda Health Venture Capital Fund Partnership (Limited Partnership) (杭州錢塘和達大健康創業投資基金合夥企業(有限合夥))
(8)	SCC Venture VII Holdco L, Ltd. (currently known as HSG Venture VII Holdco L, Ltd.)
(9)	Ningbo Meishan Bonded Port Area Man'an Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區滿安投資管理合夥企業(有限合夥)) (currently known as Shenzhen Man'an Investment Development Partnership (Limited Partnership)) (深圳市滿安投資發展合夥企業(有限合夥))
(10)	Shenzhen GTJA Ruijie Investment Partnership (Limited Partnership) (深圳市高特佳睿捷投資合夥企業(有限合夥))
(11)	Changzhou Tongxin Equity Investment Enterprise (Limited Partnership) (常州同信股權投資企業(有限合夥))

No.	Name
(12) .	Xiamen Jinyuan Kaitai Zhanhong Health Growth Venture Capital Investment Partnership (Limited Partnership) (廈門金圓凱泰展鴻健康成長創業投資合夥企業(有限合夥))
(13) .	Nanjing Chuangyi Kaitai Venture Capital Partnership (Limited Partnership) (南京創熠凱泰創業投資合夥企業(有限合夥))
(14) .	Shenzhen Dachen Chenjian No. 1 Equity Investment Enterprise (Limited Partnership) (深圳市達晨晨健一號股權投資企業(有限合夥))
(15) .	Nanjing Atom Zhongchi Management Consulting Partnership (Limited Partnership) (南京元素眾持管理諮詢合夥企業(有限合夥))
(16) .	Jiangmen Yifeng Yitong Venture Capital Partnership (Limited Partnership) (江門市倚鋒邑同創業投資合夥企業(有限合夥))
(17) .	Xiamen Yilian Kaitai Digital Venture Capital Fund Partnership (Limited Partnership) (廈門億聯凱泰數字創業投資合夥企業(有限合夥))
(18) .	Zhuhai Huajin Lingjian Equity Investment Fund Partnership (Limited Partnership) (珠海華金領健股權投資基金合夥企業(有限合夥))
(19) .	Beijing Dachen Caizhi SME Development Fund Partnership (Limited Partnership) (北京達晨財智中小企業發展基金合夥企業(有限合夥))
(20) .	Qingdao Qianhe Yafa Investment Center (Limited Partnership) (青島乾合雅法投資中心(有限合夥))
(21) .	Jiangsu Jiequan Oriza Intellectual Property Science and Technology Innovation Fund (Limited Partnership) (江蘇聿泉元禾知識產權科創基金(有限合夥))
(22) .	Huang Shizhuan (黃世專)
(23) .	Zibo Boshan Equity Investment Partnership (Limited Partnership) (淄博博杉股權投資合夥企業(有限合夥))
(24) .	Qingdao Yiyue Venture Capital Partnership (Limited Partnership) (青島頤悅創業投資合夥企業(有限合夥))

No.	Name
(25) .	Hangzhou Kaitai Hongze Venture Capital Partnership (Limited Partnership) (杭州凱泰宏澤創業投資合夥企業(有限合夥))
(26) .	Hangzhou Kaishi Venture Capital Partnership (Limited Partnership) (杭州凱實創業投資合夥企業(有限合夥))
(27) .	Ningbo Meishan Bonded Port Area Babel Tower Investment Management Partnership (Limited Partnership) (寧波梅山保税港區巴別塔投資管理合夥企業(有限合夥)) (currently known as Hainan Babel Tower Investment Partnership (Limited Partnership) (海南巴別塔投資合夥企業(有限合夥))
(28) .	Xiamen Jinyuan Kaitai Zhanhong Health Growth Phase II Venture Capital Partnership (Limited Partnership) (廈門金圓凱泰展鴻健康成長二期創業投資合夥企業(有限合夥))
(29) .	Beijing Jiayi Taozhu Consulting Service Co., Ltd. (北京嘉懿陶朱諮詢服務有限公司)
(30) .	Huzhou Hongsu Enterprise Management Partnership (Limited Partnership) (湖州鴻素企業管理合夥企業(有限合夥))

Save as disclosed in "History, Development and Corporate Structure," within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] and the related transactions described in this document.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in [**REDACTED**].

Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of [**REDACTED**] in so far as applicable.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

12. Miscellaneous

Save as disclosed in "Financial Information" and this Appendix, in connection with the [**REDACTED**],

(i) within the two years immediately preceding the date of this document:

  (a) neither our Company nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash; and

  (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months preceding the date of this document; and

(vi) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in "Appendix VI — Statutory and General Information — E. Other Information — 7. Consents of Experts;" and

(b) a copy of the material contract referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.atomthera.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited financial statements of our Group for the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2025;

(d) the report on unaudited [**REDACTED**] financial information of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this document;

(e) the legal opinions issued by Allbright Law Offices, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;

(f) the industry report prepared by Frost & Sullivan, the summary of which is set forth in "Industry Overview" in this document;

(g) the material contract referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract" in Appendix VI to this document;

(h) the written consents referred to in "Statutory and General Information — E. Other Information — 7. Consents of Experts" in Appendix VI to this document;

(i) the service contracts referred to in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Directors — (ii) Particulars of Service Agreements" in Appendix VI to this document; and

(j) a copy of each of the PRC Company Law, the PRC Securities Law, the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translations.