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Application Proof of

Kexing Biopharm Co., Ltd. 科興生物製藥股份有限公司

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

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Kexing Biopharm Co., Ltd. 科興生物製藥股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to
the [REDACTED] 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 [REDACTED],
plus brokerage of 1%, Stock Exchange
trading fee of 0.00565%, SFC
transaction levy of 0.0027% and
AFRC transaction levy of 0.00015%
(payable in full on application in Hong
Kong dollars and subject to refund)
Nominal value : RMB[REDACTED] per H Share
Stock code : [REDACTED]

Sole Sponsor, Sole Sponsor-Overall Coordinator, Sole Overall Coordinator,
[REDACTED], [REDACTED] and [REDACTED]



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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety by and should be read in conjunction with, the full text of this document. You should read the whole document before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks associated with investing in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are an innovation-driven biopharmaceutical company with international reach, specializing in the R&D, manufacturing and commercialization of recombinant proteins, antibodies and targeted-delivery therapies. We strategically focus on key therapeutic areas — principally oncology and autoimmune diseases — where significant unmet clinical needs persist. We have built a differentiated portfolio of commercialized products and drug candidates through independent innovation and strategic partnerships, advancing therapies with distinct clinical and market advantages. Guided by our dual-engine strategy of “Innovation + Internationalization,” we are committed to becoming a global leader in high-quality biopharmaceuticals and to bringing more innovative medicines and breakthrough therapies to patients worldwide.

Our tiered and progressively evolving product matrix consists of proprietary commercialized products, pipeline candidates, and in-licensed products. Proprietary commercialized products form the cornerstone of our business, providing a solid foundation for sustainable growth; the advancing pipeline builds long-term technical competitiveness; and in-licensed products enhance portfolio diversity and contribute to rapid revenue generation. We believe this portfolio, as illustrated in the chart below, strikes a balance between near-term commercialization and long-term sustainability.

SUMMARY

	Oncology	Autoimmune	Antivirus, Hematology and Others
Proprietary Commercialized Products	WHITE-C* (Human Granulocyte Colony-stimulating Factor Injection)*		EPOSINO* (Human Erythropoietin Injection)* SINOGEN* (Human Interferon α1b for Injection)* CLOBICO* (Combined Live Clostridium Butyricum and Bifidobacterium Powder)*
Proprietary Product Candidates	GB18 (GDF15) GB23 (PD-1/GPC3/IFN) GB27 (PD-1/IFN) GB-K02 (PEG-GC) GB25 (CD3/CDH17/CDH17)	GB12 (IL-4R/IL-31) GB20 (TL1A) GB24 (TL1A/LIGHT) GB26 (BDCA2/CD19/CD32b)	GB05 (IFN-αR) GB06 (GHR) GB10 (VEGF/ANG-2) GB08 (FC-GHR) GB13 (-)
In-licensed Products	Apexelsin* (Albumin-bound Paclitaxel for Injection)* Arketin* (Bevacizumab Injection)* Sorafenib Tosylate Tablets Trastuzumab Injection Eribulin Mesilate Injection Enzalutamide Capsules Olaparib Tablets Palbociclib Capsules Apatamide Tablets Neratinib Maleate Tablets Lenalidomide Capsules	Reminton* (Infliximab for Injection)* Adalimumab Injection Nintedanib Esilate Soft Capsules	Osetamivir Phosphate Dry Suspension Sitagliptin Phosphate Tablets Teriparatide Injection Aflibercept Intravitreal Injection Pantoprazole Sodium for Injection Tamsulosin Hydrochloride Sustained Release Capsules Propofol Injectable Emulsion Leritrelvir Tablets Sevelamer Carbonate Tablets Denosumab Injection Secnegrutide Injection Liraglutide Injection Onadivir Tablets

Notes:

- The therapeutic areas for the above products are categorized based on their primary applications. Some products may be applicable across multiple therapeutic areas.
- The specific target for the GB13 project has not yet been determined.
- The asterisk denotes commercialized products. Commercialized in-licensed products that had achieved sales in at least one country or region during the Track Record Period.

Our biologic drugs hold leading positions in their respective subsectors. SINOGEN (赛若金®) Human Interferon α1b for Injection is China’s first genetically engineered innovative drug. According to Frost & Sullivan, it held a 55.2% market share of China’s short-acting human interferon α1b market by sales in 2024, ranking first for six consecutive years since 2019. EPOSINO (依普定®) Human Erythropoietin Injection — among the first of its class in China with both a new drug certificate and approval number — held a 16.7% market share in 2024 in terms of sales, ranking second for four consecutive years in the Chinese human erythropoietin market since 2021. WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection held a 5.2% market share in 2024 in terms of sales, ranking among the top six for two consecutive years in China’s short acting human G-CSF market. Drawing upon our extensive overseas commercialization experience gained from these products, we are progressively introducing our in-licensed products to international markets.

During the Track Record Period, we derive the majority of our revenue from four proprietary commercialized products and two in-licensed products — SINOGEN (赛若金®) Human Interferon α1b for Injection, EPOSINO (依普定®) Human Erythropoietin Injection, WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection and CLOBICO (常乐康®) Combined Live Clostridium Butyricum and Bifidobacterium Powder/Capsule, as well as Apexelsin® Paclitaxel for Injection and Reminton (类停®) Infliximab for Injection. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from these products was

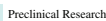
SUMMARY

RMB1,313.8 million, RMB1,254.3 million, RMB1,392.0 million and RMB679.6 million, respectively, representing 100.0%, 99.9%, 99.4% and 99.6% of total revenue relating to pharmaceutical products. Notably, revenue from Apexelsin and Reminton, which accounted for substantially all of our revenue from in-licensed products, represents 1.1%, 3.7%, 9.9% and 20.1% of total revenue relating to pharmaceutical products, showing significant growth trend.

Driving Biopharmaceutical Innovation with Technology Platforms

Tracing our origins to 1989, we are among the earliest biopharmaceutical companies in China and one of the first Industrialization Bases of the National “863” Plan. Over more than three decades of innovation and industrialization in biopharmaceuticals, we have established the “3KX” technology platform — encompassing KX-FUSION, KX-BODY, and K’Exosome — to drive end-to-end biologics development. Through this platform, we have accelerated innovative-drug development and strategically expanded into antibody therapeutics, an adjacent field sharing core processes and technologies with recombinant proteins. The 3KX platform integrates molecular design, long-acting modification, process scale-up, AI-driven antibody discovery, and exosome-based delivery to provide a strong foundation for building differentiated and innovative pipelines. As of the Latest Practicable Date, we had made significant progress under the “3KX” platform, with two Phase III clinical programs, three Phase I/II clinical programs, and 10 preclinical programs underway, as shown in the chart below.

Therapeutic Area	Pipeline	Drug Category	Target	Technology Platform	Indication	Intellectual Property	Preclinical Research	IND	Phase I/II Clinical Trial	Phase III Clinical Trial
Oncology	★ GB18	Innovative Drug	GDF15	KX-BODY	Cancer Cachexia	Self-owned	China			
		Innovative Drug	GDF15	KX-BODY	Cancer Cachexia	Self-owned	U.S.			
	GB23	Innovative Drug	PD-1/GPC3/IFN	KX-BODY	Solid Tumors	Self-owned	China, U.S.			
	GB25	Innovative Drug	CD3/CDH17/CDH17	KX-BODY	Colorectal Cancer	Self-owned	China, U.S.			
	GB27	Innovative Drug	PD-1/IFN	KX-BODY	Solid Tumors	Self-owned	China, U.S.			
	GB-K02	Biosimilar	PEG-GC	KX-FUSION	Neutropenia	Self-owned	China			
Autoimmune Diseases	★ GB12	Innovative Drug	IL-4R/IL-31	KX-BODY	Atopic Dermatitis	Self-owned	China, U.S.			
	GB19	Innovative Drug	BDCA2	KX-BODY	SLE/CLE	Self-owned	China, U.S.			
	GB20	Innovative Drug	TL1A	KX-BODY	IBD	Self-owned	China, U.S.			
	★ GB24	Innovative Drug	TL1A/LIGHT	KX-BODY	IBD	Self-owned	China, U.S.			
	GB26	Innovative Drug	BDCA2/CD19/CD32b	KX-BODY	SLE/CLE	Self-owned	China, U.S.			
Others	GB05	Modified New Drug	IFN-αR	KX-FUSION	RSV-LRTI	Self-owned	China			
		Innovative Drug	IFN-αR	KX-FUSION	RSV-LRTI	Self-owned	U.S.			
	GB06	Biosimilar	GHR	KX-FUSION	GHD	Self-owned	China			
	GB08	Innovative Drug	FC-GHR	KX-FUSION	GHD	Self-owned	China			
	★ GB10	Innovative Drug	VEGF/ANG-2	KX-BODY	AMD	Self-owned	China			
		Innovative Drug	VEGF/ANG-2	KX-BODY	AMD	Self-owned	U.S.			
	GB13	Innovative Drug	–	K’Exosome	Acute Kidney Injury	Self-owned	China			

 Clinical Trial
  Preclinical Research
  Key Pipelines

Note:

- Drug types in the PRC are classified according to the 2020 edition of the Administrative Measures for Drug Registration. Innovative drugs refer to the new drugs in Category 1; GB05 is classified as modified new drugs in Category 2.1 in China and as innovative drugs in the United States; GB06 refers to the biosimilar drugs in Category 3.3; GB-K02 refers to the other biological products in Category 3.4.

SUMMARY

Our innovative programs focus on oncology, autoimmune diseases, and degenerative diseases, with differentiated portfolios aligned to our core strengths. In oncology, we have developed GB18 (GDF15 mAb) for cancer cachexia; GB23 (PD-1/GPC3/IFN trispecific antibody-fusion protein) for solid tumors; GB25 (CD3/CDH17/CDH17 bispecific triple antibody T cell engager) for colorectal cancer; and GB27 (PD-1/IFN dual-target antibody-fusion protein) for solid tumors. In autoimmune diseases, we target major chronic conditions requiring long-term management — specifically inflammatory bowel disease (IBD), systemic lupus erythematosus (SLE), and atopic dermatitis — each characterized by large patient populations and prolonged disease courses. GB12 (IL-4R/IL-31 bispecific nanobody) addresses atopic dermatitis, GB20 (TL1A mAb) and GB24 (TL1A/LIGHT BsAb) address IBD, while GB19 (BDCA2 mAb) and GB26 (BDCA2/CD19/CD32b trispecific antibody) address SLE. In view of the global aging trend, we are also pursuing the development of therapies targeting age-related diseases. GB10 (VEGF/ANG-2 dual-target antibody-fusion protein) targets retinal angioproliferation, a condition associated with aging and chronic metabolic disorders.

- ***GB18 (GDF15 mAb) — Cancer cachexia.***

GB18 targets the same pathway and indication as Pfizer’s Ponesimab. In animal models of cancer and chemotherapy-induced cachexia, GB18 demonstrated efficacy comparable to Ponesimab in improving body weight and muscle atrophy, while showing superior safety in muscle-fiber integrity, metabolic indices, and motor function. The monkey NOAEL reached 144 mg/kg versus Ponesimab’s 100 mg/kg, and its high bioavailability supports convenient subcutaneous administration. GB18 has entered Phase I clinical trials in China and received clinical-trial approval in the United States, ranking second only to Ponesimab among global programs targeting the same mechanism, and is positioned at the forefront of development in this field.

- ***GB12 (IL-4R/IL-31 bispecific nanobody) — Atopic dermatitis.***

GB12 provides dual blockade of IL-4R and IL-31, simultaneously inhibiting inflammatory and neuronal pathways to achieve anti-inflammatory and anti-pruritic effects. Preclinical data show robust efficacy, positioning GB12 among a limited number of global candidates with this dual-target mechanism.

- ***GB10 (VEGF/ANG-2 dual-target antibody-fusion protein) — Retinal angioproliferative diseases.***

GB10 is a high-concentration ophthalmic formulation with bioactivity and animal efficacy comparable to leading international competitors, effectively inhibiting angioproliferation with reduced dosing frequency. A domestic IND was submitted in September 2025, and an FDA IND filing is planned for late 2025.

SUMMARY

- ***GB20 (TL1A mAb) and GB24 (TL1A/LIGHT bispecific antibody) — Inflammatory bowel disease (IBD).***

GB20 has demonstrated promising *in vitro* and *in vivo* efficacy, improving IBD symptoms and intestinal function in animal models. GB24, targeting the TL1A/LIGHT pathway, delivers both anti-inflammatory and anti-fibrotic benefits, potentially addressing the full disease course. Currently, only two TL1A bispecific drugs have entered clinical research worldwide, while there are no TL1A/LIGHT bispecific drugs that have entered clinical research, and our development progress therefore holds a leading position.

Our improved-drug programs emphasize the development of new formulations, new indications, and long-acting variants of our marketed recombinant proteins, thereby enhancing portfolio synergy and reinforcing our market competitiveness.

- ***GB05 (Human Interferon α 1b Mutant Inhalation Solution) — Pediatric RSV infections.***

GB05 is an inhaled interferon therapy developed for pediatric respiratory syncytial virus (RSV)-associated lower respiratory tract infections, including pneumonia and bronchiolitis. Administered via nebulization, it delivers the active ingredient directly to the infection site, enabling rapid onset, improved safety, and higher patient compliance. The program has been designated as a breakthrough therapy in China and is undergoing Phase III clinical trials, with NDA submission expected in 2027. The program also received FDA approval for clinical trials in the United States in January 2025.

- ***GB-K02 (PEGylated Human Granulocyte Colony-Stimulating Factor Injection) — Chemotherapy-induced neutropenia.***

GB-K02 is a long-acting G-CSF designed to prevent chemotherapy-induced neutropenia. Through PEGylation, it extends half-life and allows once-per-cycle dosing, enhancing compliance and reducing discomfort compared with short-acting formulations. The program is currently in Phase III clinical trials in China, with completion and NDA submission expected in 2026.

Advancing Global Expansion with Diversified Products

We initiated international expansion early and achieved overseas sales as early as 2000. Through years of execution, EPOSINO (依普定®) Human Erythropoietin Injection has achieved sales spanning over 30 countries and regions. According to Frost & Sullivan, EPOSINO leads comparable Chinese products by number of export destinations and accounted for nearly 60% of China’s total export value of the same products in 2024. Today, we are among the Chinese biopharmaceutical companies with the broadest overseas market coverage, with sales or approvals in over 70 countries and regions across five continents, including the EU, Brazil, the Philippines, and Indonesia.

SUMMARY

Building on this foundation, we have expanded our international portfolio through strategic partnerships and in-licensing collaborations. Our cooperation with Zhejiang Haichang Biotech Co., Ltd. (浙江海昶生物醫藥股份有限公司, “Haichang Biotech”) for albumin-bound paclitaxel (Apexelsin[®] Paclitaxel for Injection) exemplifies our global commercialization capabilities. The product has obtained EU and UK approvals, marking the first product of its kind in China approved via the EU centralized procedure, and accounted for 47.7% of China’s export volume of albumin-bound paclitaxel in the six months ended June 30, 2025. Alongside Apexelsin[®], other in-licensed products, such as Arketin[®] Bevacizumab Injection, Trastuzumab Injection, Adalimumab Solution for Injection, Liraglutide Injection, and Semaglutide Injection, have submitted registration applications in multiple countries. As of the Latest Practicable Date, we had secured overseas commercialization rights for 27 high-quality products from 24 leading domestic pharmaceutical companies. We expect these in-licensed products to become key drivers of profit growth as we continue to broaden global market presence and advance high-quality Chinese biopharmaceuticals to international markets.

In parallel, we are advancing in the field of biosimilars, focusing on products with large market potential and moderate competition. By adopting new cell lines, automation, and domestic substitution of key equipment and materials, we enhance production efficiency, reduce costs, and ensure sufficient capacity, which position us favorably in the next wave of global biosimilar competition.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors:

- Strong expertise in the know-how, production and commercialization of recombinant proteins;
- Advanced R&D capabilities driving innovation progress;
- Multiple pipelines with differentiated advantages;
- Leading capabilities in overseas commercialization: first-mover advantages and global competitive moat;
- Introduction of high-potential products in oncology and immunology;
- Integrated R&D-Manufacturing-Commercialization capabilities supporting global expansion; and
- Management team with industry insight and R&D leadership with extensive experience.

SUMMARY

GROWTH STRATEGIES

Pursuing our vision to become a leader in high-quality biopharmaceuticals, we adhere to the “Innovation + Internationalization” dual-engine model. Through independent R&D and strategic partnerships, we aim to build a globally competitive, differentiated product matrix and an international commercialization platform covering major global markets, with a focus on oncology and autoimmune diseases.

We will implement the following strategies to achieve our goal:

- Advance innovative drug development to address unmet needs;
- Strengthen biosimilar capabilities with a focus on EU, U.S. and China; and
- Expand global footprint and enhance overseas commercialization platform.

OUR CUSTOMERS

Our customers primarily consist of distributors and direct sales customers of our pharmaceutical products in China and globally. For the years ended December 31, 2022, 2023 and 2024, and the six month ended June 30, 2025, our revenue from top five customers was RMB559.0 million, RMB567.2 million, RMB630.6 million and RMB304.7 million, respectively, accounting for 42.5%, 45.1%, 44.8% and 43.5% of our total revenue for the respective period.

OUR SUPPLIERS

Our suppliers primarily provide raw and auxiliary materials, packaging materials, marketing and promotion services, and outsourced research and development services. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, our total purchase amounts from our top five suppliers were RMB168.3 million, RMB179.4 million, RMB140.9 million and RMB81.2 million, respectively, accounting for 16.4%, 17.6%, 17.2% and 20.3% of our total purchases for the respective period.

COMPETITIVE LANDSCAPE

China and the global pharmaceutical markets are characterized by intense competition among large domestic and multinational pharmaceutical companies, as well as emerging biotechnology firms. We face competition from these entities across various aspects, including R&D capabilities, manufacturing scale and quality, commercial reach, brand recognition, and product pricing. Our commercialized products and product candidates primarily compete with other products in their respective therapeutic areas on the basis of clinical efficacy, safety profile, price, and market acceptance by healthcare professionals and payors. Many of our competitors possess substantially greater financial, manufacturing, and human resources, and may devote these resources to developing, manufacturing, and marketing products that compete directly with ours.

SUMMARY

Our competitive strengths lie in our diversified and innovative product portfolio, robust R&D engine with a promising pipeline, globally-compliant manufacturing capabilities, and demonstrated success in both domestic and international commercialization.

- **Differentiated Portfolio and Pipeline:** We have established a strong market position with our commercialized products. SINOGEN (赛若金®) Human Interferon α 1b accounted for 55.2% of sales in China’s short-acting human interferon α 1b market in 2024, ranking first for the sixth consecutive year by market share. EPOSINO (依普定®) Human Erythropoietin Injection accounted for 16.7% in China’s human erythropoietin market in 2024, ranking second for the fourth consecutive year by market share. WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor accounted for 5.2% of sales in China’s short-acting human granulocyte colony-stimulating factor market in 2024, ranking among the top six for the second consecutive year by market share. Our pipeline focuses on new-generation modalities, including potential best-in-class and first-in-class candidates, which we believe position us well for further development and commercialization.
- **Advanced and Globally-Compliant Manufacturing:** Our manufacturing system is designed to meet international regulatory standards, which is critical for global expansion. This capability is evidenced by our successful exports of albumin-bound paclitaxel to strictly regulated markets like Europe, where we are positioned to address the supply shortages announced by the EMA.
- **Proven Commercialization and Global Expansion:** We have built robust commercialization capabilities in China and are rapidly expanding our global footprint. Our ability to secure and grow market share for our key products domestically, coupled with our increasing export revenue and successful regulatory filings overseas, underscores our effective commercial strategy.

Our ability to remain competitive and sustain growth will depend on our capacity in various respects, including successfully advancing our differentiated clinical-stage pipeline into late-stage development and commercialization; further penetrating international markets by capitalizing on global opportunities, such as the demand for biosimilars and the shortage of albumin-bound paclitaxel in Europe; continuously enhancing our R&D productivity to develop high-quality, innovative therapeutics; maintaining and strengthening our global-standard manufacturing and quality control systems; and attracting, developing, and retaining top-tier scientific and commercial talent to fuel our long-term innovation and global ambitions.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary financial data set forth below are derived from and should be read together with our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards (the “IFRS”).

Summary of Consolidated Statement of Profit or Loss

The following table sets forth our selected consolidated statements of profit or loss for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)		(unaudited)	
Revenue	1,315,876	100.0	1,259,036	100.0	1,406,925	100.0	759,895	100.0	700,465	100.0
Cost of revenue	(324,164)	(24.6)	(367,752)	(29.2)	(440,527)	(31.3)	(217,468)	(28.6)	(255,257)	(36.4)
Gross profit	991,712	75.4	891,284	70.8	966,398	68.7	542,427	71.4	445,208	63.6
Other income	5,210	0.4	9,556	0.8	25,926	1.8	4,315	0.6	17,855	2.5
Other gains and losses, net . .	6,470	0.5	9,121	0.7	(18,909)	(1.3)	(9,046)	(1.2)	31,473	4.5
Selling expenses	(827,734)	(62.9)	(689,290)	(54.7)	(596,765)	(42.4)	(334,860)	(44.1)	(254,953)	(36.4)
Research and development expenses	(193,297)	(14.7)	(344,797)	(27.4)	(168,050)	(11.9)	(80,326)	(10.6)	(81,663)	(11.7)
Administrative and other operating expenses	(96,263)	(7.3)	(101,849)	(8.1)	(104,890)	(7.5)	(54,569)	(7.2)	(52,194)	(7.5)
(Provision)/Reversal of provision for impairment of assets, net	(2,120)	(0.2)	366	0.0	(5,278)	(0.4)	(6,217)	(0.8)	(1,508)	(0.2)
Finance costs, net	(23,042)	(1.8)	(34,483)	(2.7)	(41,439)	(2.9)	(19,731)	(2.6)	(20,055)	(2.9)
Share of result of an associate	–	–	23	0.0	(91)	(0.0)	(14)	(0.0)	(33)	(0.0)
(Loss)/Profit before income tax	(139,064)	(10.6)	(260,069)	(20.7)	56,902	4.0	41,979	5.5	84,130	12.0
Income tax credit/(expense) .	46,240	3.5	64,583	5.1	(29,854)	(2.1)	(32,518)	(4.3)	(5,166)	(0.7)
(Loss)/Profit for the year/period	(92,824)	(7.1)	(195,486)	(15.5)	27,048	1.9	9,461	1.2	78,964	11.3

In 2022, 2023, 2024, and the six months ended June 30, 2025, we generated revenue of RMB1,315.9 million, RMB1,259.0 million, RMB1,406.9 million and RMB700.5 million, respectively. During the Track Record Period, we generated revenue primarily relating to our pharmaceutical products. For details of fluctuations of key financial items set forth in our consolidated statements of profit or loss during the Track Record Period, see “Financial Information — Period to Period Comparison of Results of Operations”.

SUMMARY

Non-IFRS Measure

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We define EBITDA (non-IFRS measure) as (loss)/profit for the year/period adjusted by (i) finance income, (ii) finance costs, (iii) depreciation and amortization, and (iv) income tax (credits)/expenses. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain non-operating items.

We believe that this non-IFRS measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) to (loss)/profit for the year/period in respect of the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
(Loss)/Profit for the year/period	(92,824)	(195,486)	27,048	9,461	78,964
Adjustments:					
Finance income	(7,312)	(6,643)	(3,627)	(2,112)	(1,473)
Finance costs	30,354	41,126	45,066	21,843	21,528
Depreciation and amortization	80,938	99,191	104,162	50,307	55,325
Income tax (credit)/expense . . .	(46,240)	(64,583)	29,854	32,518	5,166
EBITDA (non-IFRS measure)	(35,084)	(126,395)	202,503	112,017	159,510

SUMMARY

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Non-current assets	1,753,390	1,897,470	1,874,424	1,886,100
Current assets	1,411,308	1,133,626	1,287,809	1,432,192
Total Assets	3,164,698	3,031,096	3,162,233	3,318,292
Current liabilities	539,372	669,997	886,397	913,265
Non-current liabilities	819,486	730,304	636,590	719,914
Total liabilities	1,358,858	1,400,301	1,522,987	1,633,179
Net current assets	871,936	463,629	401,412	518,927
Total equity	1,805,840	1,630,795	1,639,246	1,685,113

Our net current assets decreased from RMB871.9 million as of December 31, 2022 to RMB463.6 million as of December 31, 2023, primarily due to (i) a decrease in cash and cash equivalents of approximately RMB224.0 million and (ii) an increase in the bank borrowings due within one year of approximately RMB181.3 million. The decrease in cash and cash equivalents mainly reflected the capital expenditures on production lines, property, plant and equipment, and intangible assets of approximately RMB384.2 million.

Our net current assets decreased from RMB463.6 million as of December 31, 2023 to RMB401.4 million as of December 31, 2024, primarily due to an increase in trade and other payables of approximately RMB33.9 million.

Our net current assets increased from RMB401.4 million as of December 31, 2024 to RMB518.9 million as of June 30, 2025, primarily due to an increase in trade and other receivables of approximately RMB80.7 million.

SUMMARY

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows information for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Net cash flows (used in)/from operating activities.	(95,973)	(119,585)	74,064	(48,850)	16,641
Net cash flows used in investing activities	(381,446)	(156,247)	(104,125)	(121,378)	(201,365)
Net cash flows from financing activities.	381,181	48,697	21,691	47,654	76,972
Net decrease in cash and cash equivalents	(96,238)	(227,135)	(8,370)	(122,574)	(107,752)
Cash and cash equivalents at beginning of year/period	874,777	783,971	559,931	559,931	552,952
Effect of foreign exchange rate changes	5,432	3,095	1,391	971	1,034
Cash and cash equivalents at end of year/period	783,971	559,931	552,952	438,328	446,234

Our use of cash primarily related to operating, investing and financing activities. We have historically financed our operations primarily through cash flows generated from our operations and borrowings.

During the Track Record Period, we derived our cash inflow from operating activities primarily through the sales of pharmaceutical products, while cash outflow from operating activities primarily comprised payments for purchases of raw materials, marketing expenses, labor costs, and clinical and experimental expenses. Our cash generated from operating activities reflects our loss or profit before tax, adjusted for non-cash and non-operating items, such as interest expenses, depreciation of property, plant and equipment, and depreciation of right-of-use assets, and the changes in working capital, such as increases or decreases in inventories, trade and other receivables, trade and other payables and contract liabilities. For details of fluctuations of key financial items set forth in our consolidated statements of cash flows during the Track Record Period, see “Financial Information — Cash Flows”.

SUMMARY

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates/periods indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
				(unaudited)
Current ratio ⁽¹⁾	2.6	1.7	1.5	1.6
Quick ratio ⁽²⁾	2.2	1.4	1.3	1.4
	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
				(unaudited)
Gross profit margin ⁽³⁾	75.4%	70.8%	68.7%	63.6%
Return on equity ⁽⁴⁾	(5.0%)	(11.4%)	1.7%	4.8%

Notes:

- (1) Current ratio is calculated using current assets divided by current liabilities as of the relevant period end.
- (2) Quick ratio is calculated using current assets less inventories divided by current liabilities as of the relevant period end.
- (3) Gross profit margin represents gross profit as a percentage of total revenue of the respective period.
- (4) Return on equity is calculated using profit divided by the average of the beginning and ending balance of total equity for that year/period and multiplied by 100%.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks involved in our business and industry and the [REDACTED], many of which are beyond our control. The details are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face include:

- If we fail to complete clinical development, obtain regulatory approvals and commercialize our product candidates, our competitiveness could be reduced and our business, financial condition and prospects could be materially and adversely affected.

SUMMARY

- Our current revenue and profits mainly rely on certain pharmaceutical products. Decreases in sales volume or pricing and changes in our cost structure could adversely affect our revenue and profitability.
- The commercial performance and profitability of our in-licensed products are subject to uncertainty.
- If we are unable to succeed in a competitive centralized tender process to supply our products to public hospitals and other relevant medical institutions, we may lose market share, and our revenue and profitability could be adversely affected.
- We are exposed to specific risks related to overseas commercialization.
- If our quality control, quality assurance or manufacturing do not meet required quality standards, our business and reputation could be harmed and our revenue and profitability could be adversely affected.
- A substantial portion of the key raw materials for our products is sourced from overseas, exposing us to supply chain disruptions and cost volatility amid global economic and trade uncertainty.
- If we or our business partners fail to obtain, maintain or renew necessary licenses and permits for the development, production, promotion, and sale of our products, our ability to conduct our business could be materially impaired and our revenue and profitability could be adversely affected.
- If our products are not timely included in, or are removed or excluded from, national, provincial or other government-sponsored medical insurance programs, our revenue and profitability could be adversely affected.
- All material aspects of our operations are heavily regulated, and any failure to comply with these regulations could materially and adversely affect on our business.
- We operate in a highly competitive environment, and we may not be able to compete effectively against current and future competitors, which could materially and adversely affect our revenue and profitability.
- The regulatory approval process for our product candidates with the NMPA and other comparable regulatory authorities is lengthy, expensive and unpredictable; any failure or delay in obtaining required approvals could materially and adversely affect our business, financial condition, results of operations and prospects.
- We incurred losses in certain years during the Track Record Period, and we may incur losses in future periods.

SUMMARY

RECENT DEVELOPMENTS

In August 2025, the Phase I clinical results of our long-acting growth hormone candidate GB08 were published in the European Journal of Endocrinology, a leading academic journal in the field of endocrinology, marking an important milestone in the clinical development of this innovative therapy. In September 2025, the Phase II clinical trial of GB08 achieved its first subject enrollment and dosing. During the same month, our GB05 recombinant human interferon α 1b inhalation solution was officially included in the Breakthrough Therapy Designation List by the CDE. In October 2025, the Phase I clinical trial of GB18 injection also achieved first subject enrollment.

Between July and October 2025, several of our in-licensed products received marketing approvals from multiple national regulatory authorities. Arketin[®] Bevacizumab injection was approved in Pakistan, Colombia, Indonesia and Bolivia; Sorafenib Tosylate tablets obtained marketing approval from the regulatory authorities of Egypt and Peru; and Apexelsin[®] (albumin-bound paclitaxel for injection) was approved in Oman, Bolivia, Uruguay and Georgia. Meanwhile, we continued to enrich our product portfolio by in-licensing high-quality innovative medicines developed in China, laying a solid foundation for our long-term overseas commercialization. We have obtained overseas commercialization rights for Onradivir tablets, Nintedanib Esilate capsules, and Teriparatide injection in certain countries.

In addition, we are furthering international collaboration since the end of the Track Record Period. In July 2025, a delegation from the Brazilian Health Regulatory Agency visited China and held in-depth discussions with us regarding pharmaceutical regulatory policies, market access pathways and potential cooperation opportunities in Brazil. In October 2025, we represented the Shenzhen Pharma & Medical Devices Industry Global Alliance at the Saudi Arabia Pharmaceutical and Medical Device Industry Promotion Conference, and showcased our core products at Convention on Pharmaceutical Ingredients (CPHI) Frankfurt 2025, further enhancing our global presence and strengthening our international partnership network.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the latest date of our consolidated financial statements as set out in Appendix I, and there is no event since June 30, 2025 that would materially affect the information as set out in the Accountants’ Report included in Appendix I.

OUR LISTING ON THE STAR MARKET

Since December 2020, our A Shares have been listed on the STAR Market (stock code: 688136). For details, see “History and Corporate Structure — Our A Share Listing and Reasons for the H Share [REDACTED].”

SUMMARY

[REDACTED]

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
Market capitalization of our H Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation is based on the assumption that [REDACTED] H Shares are newly issued in the [REDACTED] (without taking into account H Shares that may be issued upon the exercise of the [REDACTED] and that no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED]).
- (2) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 per share is calculated on the basis that [REDACTED] Shares (representing 201,257,250 Shares in issue as at June 30, 2025, excluding 3,149,905 treasury shares as at June 30, 2025, adding [REDACTED] [REDACTED]) were in issue, assuming that the [REDACTED] had been completed on June 30, 2025 but does not take into account of any Shares which may be allotted and issued by the Company upon the exercise of the [REDACTED], any Shares which may be issued by the Company upon the exercise of any options may be granted under the Share Incentive Plans or any Shares which may be issued or repurchased by the Company. For details, see “Unaudited Pro Forma Financial Information” in Appendix IIA.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Shenzhen Keyi and Mr. Deng directly owned 54.50% and 0.88% of the total issued share capital of our Company, representing 55.38% and 0.89% of the voting rights at general meetings of our Company (excluding 3,199,905 A Shares held by our Company as treasury Shares), respectively. Shenzhen Keyi is wholly owned by Genzon Investment, which is owned as to 99.01% by Mr. Deng and 0.99% by Zhengzhong Yisheng, which in turn is owned as to 99% by Mr. Deng and 1% by Ms. Wen, his spouse.

SUMMARY

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), Mr. Deng and Ms. Wen will collectively be entitled to control (directly and/or indirectly through Zhengzhong Yisheng, Genzon Investment and Shenzhen Keyi) the exercise of [REDACTED]% voting rights at general meetings of our Company. Upon [REDACTED], each of Mr. Deng, Ms. Wen, Zhengzhong Yisheng, Genzon Investment and Shenzhen Keyi will constitute a group of our Controlling Shareholders.

For further details of our Controlling Shareholders, see “Relationship with Our Controlling Shareholders.”

We have entered into certain transactions with our Controlling Shareholders and/or their respective associates that will constitute our continuing connected transactions upon [REDACTED]. For details, see “Connected Transactions.”

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the [REDACTED] of approximately HK\$[REDACTED] (after deducting the [REDACTED] fees and other estimated expenses payable by us in connection with the [REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] range stated in this document, and assuming the [REDACTED] is not exercised.

We intend to use the net proceeds from the [REDACTED] for the following purposes:

- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to research and development (R&D) of innovative drug pipeline;
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to screening and development of biosimilars;
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to introduce high-value pharmaceutical products; and
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to the development of overseas marketing team, working capital and general corporate purposes.

SUMMARY

DIVIDEND POLICY

After the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our shareholders’ meeting and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends.

According to applicable PRC laws and our Articles of Association, when allocating the after-tax profits of the current year, the Company shall allocate 10% of its profit to the statutory reserve fund. In the event that the accumulated statutory reserve fund of the Company has reached more than 50% of the registered capital of the Company, no allocation is needed. In the event that the statutory reserve fund of the Company is insufficient to make up the losses on the previous year, before allocating the statutory reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first make up the losses by using the profits of the current year. After allocating the statutory reserve fund from the after-tax profits of the Company, the Company may allocate the discretionary reserve fund from the after-tax profits according to the resolution of shareholders’ general meeting. The remaining profits after tax after the Company has made up its losses and allocated to its reserve funds may be distributed to its shareholders in proportion to their shareholdings, unless it is stipulated in the Articles of Association that no profit distribution shall be made in proportion to shareholdings.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to our dividend policy under our Articles of Association, the amount of the dividends distributed in cash in every three years should be at least 30% of our profits for these three years that are available for distribution, subject to certain specified conditions.

In May 2022, we declared dividends of RMB19.9 million in respect of the year ended December 31, 2021. In 2023 and 2024, we did not declare any dividends. In May 2025, we declared dividends of RMB15.8 million in respect of the year ended December 31, 2024. As of the Latest Practicable Date, we had paid these dividends in full.

[REDACTED] EXPENSES

Assuming an [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative [REDACTED] range stated in this document), the [REDACTED] fees, commissions, together with the Stock Exchange [REDACTED] fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]), of

SUMMARY

which RMB[REDACTED] are expected to be charged to our consolidated statements of comprehensive income, and RMB[REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] expenses consist of RMB[REDACTED] [REDACTED]-related expenses and RMB[REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisors and the reporting accountant of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]), representing approximately [REDACTED]% of our gross proceeds from the [REDACTED].

The [REDACTED] expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in “Glossary of Technical Terms.”

“2022 Restricted Share Incentive Plan”	our restricted share incentive plan approved by our Shareholders on May 19, 2022
“2024 Restricted Share Incentive Plan”	our restricted share incentive plan approved by our Shareholders on June 14, 2024, the principal terms of which are set out in “Statutory and General Information — D. 2024 Restricted Share Incentive Plan” in Appendix V
“3KX”	collection of our key R&D technology platforms, including KX-FUSION, KX-BODY and K’Exosome
“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the STAR Market
“A Shareholder(s)”	holder(s) of our A Share(s)
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as included in Appendix I
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“AI”	artificial intelligence
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on October 17, 2025 with effect from the [REDACTED], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix IV
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

DEFINITIONS

“CAGR”	compound annual growth rate
	[REDACTED]
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CDE”	the Center for Drug Evaluation of the National Medical Products Administration of the PRC (國家藥品監督管理局藥品審評中心)
“CDMO”	contract development and manufacturing organization
“CFDA”	China Food and Drug Administration (國家食品藥品監督管理總局), the predecessor of NMPA
“China”, the “PRC” or “Chinese Mainland”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to “China,” the “PRC” and the “Chinese Mainland” do not apply to Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company,” “our Company,” “we,” “our” or “us”	Kexing Biopharm Co., Ltd. (科興生物製藥股份有限公司, formerly known as Shandong Yongming Weiwo Biopharmaceutical Co., Ltd. (山東永銘偉沃生物藥業有限公司), Shandong Sairuojin Biopharmaceutical Co., Ltd. (山東賽若金生物藥業有限公司) and Shandong Kexing Biological Products Co., Ltd. (山東科興生物製品有限公司), a company established under the laws of the PRC on August 22, 1997 and converted into a joint stock company with limited liability on August 8, 2019, whose A Shares have been listed on the STAR Market (688136.SH)

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the person(s) named in “Relationship with Our Controlling Shareholders”
“CRO”	contract research organization
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC securities markets and overseas securities activities of PRC entities
“Director(s)”	the director(s) of our Company
“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稅法》), as amended, supplemented or otherwise modified from time to time
“EMA”	European Medicines Agency
“European Union” or “EU”	the political and economic union comprising its member states and all areas subject to its jurisdiction, as established by the Treaty on European Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FDA”	U.S. Food and Drug Administration

[REDACTED]

“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“F&S Report”	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document

DEFINITIONS

“General Rules of HKSCC” the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

“Genzon Investment” Genzon Investment Group Co., Ltd. (正中投資集團有限公司), a limited liability company established under the laws of the PRC on July 8, 2003 and one of our Controlling Shareholders

[REDACTED]

“GMP” Good Manufacturing Practices

**“Group,” “our Group,” “we,”
“our” or “us”** our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

“GSP” Good Supply Practices

“Guide for New Listing Applicants” the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“H Share(s)” overseas listed foreign shares in the share capital of our Company, with a nominal value of RMB[REDACTED] each, which are to be subscribed for and traded in Hong Kong dollars and [REDACTED] on the Stock Exchange

“H Shareholder(s)” holder(s) of our H Share(s)

[REDACTED]

“HKSCC” Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

DEFINITIONS

[REDACTED]

“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, [REDACTED] or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant(s)”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“IND”	investigational new drug
“Independent Third Party(ies)”	person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, is/are not a connected person of our Company

[REDACTED]

“Kexing Pharmaceutical”	Shenzhen Kexing Pharmaceutical Co., Ltd. (深圳科興藥業有限公司), a limited liability company established under the laws of the PRC on March 23, 2018, and our directly wholly-owned subsidiary
“Latest Practicable Date”	October 29, 2025, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

DEFINITIONS

[REDACTED]

“**Listing Committee**” the Listing Committee of the Stock Exchange

[REDACTED]

“**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 operates in parallel with GEM of the Stock Exchange

“**Mr. Deng**” Mr. Deng Xueqin (鄧學勤), one of our Controlling Shareholders, our executive Director and chairman of the Board, and the spouse of Ms. Wen

“**Ms. Wen**” Ms. Wen Shaozhen (文少貞), one of our Controlling Shareholders and the spouse of Mr. Deng

“**MOF**” Ministry of Finance of the PRC (中華人民共和國財政部)

“**MOFCOM**” Ministry of Commerce of the PRC (中華人民共和國商務部)

“**Ministry of Human Resources and Social Security**” Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)

“**NMPA**” National Medical Products Administration of the PRC (國家藥品監督管理局)

“**Nomination Committee**” the 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)

“**NRDL**” China’s National Reimbursement Drug List

DEFINITIONS

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PCT”	the Patent Cooperation Treaty
“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
“PRC Legal Advisor”	Jia Yuan Law Offices, our legal advisor as to PRC law
“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

DEFINITIONS

[REDACTED]

“QA”	Quality Assurance
“QC”	Quality Control
“QP”	Qualified Person
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for 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)
“SAP”	a widely-used enterprise resource planning software
“SCI”	Science Citation Index
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB[REDACTED] each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)

DEFINITIONS

“Shenzhen Keyi” Shenzhen Keyi Pharmaceutical Holdings Co., Ltd. (深圳科益醫藥控股有限公司), a limited liability company established under the laws of the PRC on October 9, 2018 and one of our Controlling Shareholders

“SME” small and medium-sized enterprise

[REDACTED]

“Sole Overall Coordinator” the sole overall coordinator as named in “Directors and Parties Involved in the [REDACTED]”

“Sole Sponsor” the sole sponsor as named in “Directors and Parties Involved in the [REDACTED]”

“Sole Sponsor-Overall Coordinator” the Sole Sponsor-Overall Coordinator as named in “Directors and Parties Involved in the [REDACTED]”

[REDACTED]

“STAR Market” the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板)

“State Council” the State Council of the PRC (中華人民共和國國務院)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Strategy Committee” the strategy committee of the Board

“Takeovers Code” the Code on Takeovers and Mergers issued by the SFC

“Track Record Period” the three years ended December 31, 2024 and the six months ended June 30, 2025

“U.S. dollars” or “US\$” United States dollars, the lawful currency of the United States

DEFINITIONS

“U.S. Securities Act” United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[REDACTED]

“United States” or “U.S.” the United States of America, its territories, its possessions and all areas subject to its jurisdiction

“VAT” value-added tax

[REDACTED]

“Zhengzhong Yisheng” Shenzhen Zhengzhong Yisheng Investment Co., Ltd. (深圳正中易勝投資有限公司), a limited liability company established under the laws of the PRC on September 30, 2016 and one of our Controlling Shareholders

“%” percent

In this document, the terms “associate(s),” “close associate(s),” “connected person(s),” “connected transaction(s),” “core connected person(s),” “controlling shareholder(s),” “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations 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.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

“ASA”	aminosalicylic acid
“AD”	atopic dermatitis
“ADCC”	antibody-dependent cell-mediated cytotoxicity
“AIDD”	AI-powered drug design
“AMD”	age-related macular degeneration
“ANG”	angiopoietin
“BLA”	biological license application
“CADD”	computer-aided drug design
“CDC”	complement-dependent cytotoxicity
“CHO”	Chinese hamster ovary
“CMC”	chemistry, manufacturing, and controls
“CML”	chronic myelocytic leukemia
“CNV”	choroidal neovascularization
“DL-AAA”	DL- α -aminoadipic acid, a mixture containing both D (dextrorotatory)- α -aminoadipic acid and L (levorotatory)- α -aminoadipic acid
“EPO”	erythropoietin
“ESMO”	the European Society for Medical Oncology
“Faricimab”	a bispecific monoclonal antibody targeting VEGF-A and Angiopoietin-2, used to treat neovascular age-related macular degeneration and diabetic macular edema
“Fc”	Fragment crystallizable region of an antibody

GLOSSARY OF TECHNICAL TERMS

“GC”	glucocorticoid
“GCP”	Good Clinical Practice
“G-CSF”	granulocyte colony-stimulating factor
“GDF15”	growth differentiation factor 15
“GFRAL”	glial cell line-derived neurotrophic factor receptor alpha-like
“GHD”	growth hormone deficiency
“GHR”	growth hormone receptors
“hGH”	human growth hormone
“IBD”	inflammatory bowel disease
“IGF-1”	insulin-like growth factor 1
“IgG”	Immunoglobulin G
“IITs”	investigator-initiated trials
“innovative drug”	innovative or modified new pharmaceutical that has never been marketed worldwide
“IFN- α ”	interferon α 1b
“IL”	interleukin
“IL-4R”	interleukin-4 receptor
“IU”	International Unit(s)
“LALA mutation”	specific amino acid changes in the Fc region of antibodies that reduce their binding to Fc gamma receptors (Fc γ R), thereby minimizing unwanted immune responses while maintaining therapeutic efficacy
“LIGHT”	also known as TNFSF14, it is a pro-inflammatory cytokine that, along with TL1A, is implicated in various fibrotic and autoimmune diseases

GLOSSARY OF TECHNICAL TERMS

“LRTI”	lower respiratory tract infection
“Nanobody”	a single-domain antibody fragment, derived from camelids, that can bind specifically to target antigens
“Nemolizumab”	a humanized monoclonal antibody targeting the human interleukin-31 receptor A
“NDA”	new drug application
“NOAEL”	no observed adverse effect level
“PCC”	preclinical candidate compound
“PD”	pharmacodynamics
“PEG”	polyethylene glycol
“PEGylation”	the modification of a protein, peptide or non-peptide molecule by the linking of one or more polyethylene glycol (PEG) chains
“PEG-G-CSF”	polyethylene glycol conjugated granulocyte colony-stimulating factor
“PEG-rhG-CSF”	PEGylated recombinant human granulocyte colony-stimulating factor
“pGHD”	pediatric growth hormone deficiency
“Phase I”	a clinical study that tests the safety of a new drug candidate
“Phase II”	a clinical study that tests the new drug candidate on a larger group of patients, to gather information about whether and how well it works
“Phase III”	a clinical study for a new drug candidate that has already passed Phases I and II, which tests the new drug candidate in larger groups of patients, and compares the new drug candidate against an existing treatment or a placebo to see if it works better in practice and if it has important side effects

GLOSSARY OF TECHNICAL TERMS

“PIC/S”	Pharmaceutical Inspection Co-operation Scheme
“PK”	pharmacokinetics
“QTc interval”	the time from the beginning of the Q wave to the end of the T wave (corrected)
“RET”	rearranged during transfection
“retinal angiogenesis”	the formation of new blood vessels in the retina from existing ones
“retinal angioproliferative diseases”	a group of disorders characterized by abnormal proliferation of blood vessels in the retina, leading to structural changes and potentially vision loss
“rhG-CSF”	recombinant human granulocyte colonystimulating factor
“rhGH”	recombinant human growth hormone
“RNV”	retinal neovascularization
“RSV”	respiratory syncytial virus
“RWS”	real-world studies
“Semaglutide Injection”	a glucagon like peptide-1 (GLP-1) receptor agonist injection
“SLE”	systemic lupus erythematosus
“Sprague-Dawley rat(s)”	a widely used experimental rat strain
“subcutaneous administration”	a method of injecting medication into the fatty layer of tissue just under the skin
“T cell”	T lymphocyte
“TL1A”	tumor necrosis factor-like ligand 1 aberrance
“TNF- α ”	tumor necrosis factor-alpha
“UC”	ulcerative colitis

GLOSSARY OF TECHNICAL TERMS

“VBP”	volume-based procurement, a set of drug procurement regulations implemented in China with the goal of promoting generic substitutes and lowering the price of medications that have outlived their exclusivity periods, which has been implemented at the national and provincial levels
“VEGF”	vascular endothelial growth factor
“ <i>in vitro</i> ”	Latin for “within the glass”, studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
“ <i>in vivo</i> ”	Latin for “within the living”, studies <i>in vivo</i> 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 <i>in vitro</i>
“YTE”	a genetic engineering technique

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its 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,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “target,” “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 other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

FORWARD-LOOKING STATEMENTS

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.

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.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

RISK FACTORS

You should carefully consider all of the information in this document and, in particular, the risks and uncertainties described below, before making an investment in our H Shares. We are affected materially by requirements and restrictions that arise under laws, regulations, judicial interpretations and government policies in nearly all aspects of our businesses in the jurisdictions where we operate.

The risks described below are not the only risks that may affect us or our [REDACTED]. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, results of operations, financial condition and growth prospects. If any of the possible events described below occurs, our business, results of operations, financial condition and growth prospects could be materially and adversely affected. The market prices of our H Shares could decline owing to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating to Research and Development

If we fail to complete clinical development, obtain regulatory approvals and commercialize our product candidates, our competitiveness could be reduced and our business, financial condition and prospects could be materially and adversely affected.

Our long-term competitiveness depends on our ability to enhance existing products and to discover, develop and commercialize new pharmaceutical products that address significant unmet medical needs. We have invested, and expect to continue to invest, substantial resources in our technology platforms and product candidates. The development of innovative drugs is inherently uncertain, lengthy and costly. There is no assurance that our research and development efforts will succeed, that our product candidates will demonstrate adequate safety and efficacy, that we will obtain regulatory approvals on the timelines we anticipate (if at all), or that any approved products will achieve commercial success.

As of the Latest Practicable Date, we had five product candidates in clinical stage and 10 in preclinical stage. Of these, two product candidates had been approved by the FDA to initiate clinical trials; two were in Phase III clinical trials; and three were in Phase II or Phase I clinical trials. Several product candidates were in preclinical stage. The scope, timing and outcome of these product candidates are inherently uncertain and subject to the risks described above. There can be no assurance that any product candidate will obtain regulatory approval or be successfully commercialized. The scope, timing and outcome of these product candidates are inherently uncertain and subject to change, and we may delay, modify or discontinue development in response to emerging data, regulatory feedback, manufacturing considerations, resource allocation or other factors.

RISK FACTORS

There is an inherent risk of failure for each of our product candidates. We cannot predict when or if any product candidate will prove efficacy and safety in humans or will receive approval. Before obtaining the required approvals, our product candidates must successfully complete preclinical studies and extensive clinical trials to demonstrate safety and efficacy in humans. Clinical trials, in particular, are expensive, difficult to design and implement, time-consuming and inherently uncertain. While we aim to develop product candidates that are novel or highly differentiated, we cannot assure you that we will achieve these outcomes. Failure can occur at any point in development, including after significant resources have been invested. Results of preclinical studies and early-stage clinical trials may not be predictive of success in later phases, and interim results do not necessarily predict final outcomes. In addition, preclinical and clinical data are subject to varying interpretations and analyses, regulators may require additional studies or data, and product candidates that appear to perform satisfactorily in clinical trials may still fail to obtain regulatory approval.

Decisions made early in development can affect the scope of marketing strategy once a product candidate receives regulatory approval. We cannot assure you that we will achieve an appropriate balance between the efficiency and quality of R&D for our product candidates, and choices made during development could adversely affect our results of operations.

Furthermore, even if we successfully develop and market new products or make enhancements to our existing products, they may be rapidly overtaken by changes in clinical preferences, evolving industry standards, or innovation from our competitors. Market acceptance of our products may be limited by existing clinical practices, lack of awareness among the medical practitioners, or uncertainty over third-party reimbursement. We cannot be certain whether or when any product candidate will be launched, whether we will be able to develop, in-license or otherwise acquire products, or whether any approved products will achieve commercial success. Failure to develop and launch successful new products or new indications for existing products could render our portfolio less competitive and could materially and adversely affect our profitability, business, financial condition and prospects.

RISK FACTORS

The regulatory approval process for our product candidates with the NMPA and other comparable regulatory authorities is lengthy, expensive and unpredictable; any failure or delay in obtaining required approvals could materially and adversely affect our business, financial condition, results of operations and prospects.

Advancing our product candidates through the regulatory process requires substantial time, effort and financial resources, and there can be no assurance that any product candidate will obtain marketing approval. The timing of reviews by the NMPA and other comparable regulatory authorities is difficult to predict and depends on numerous factors, including the exercise of regulatory discretion. Our product candidates may not obtain timely approval, or approval at all, for reasons that include, among others:

- inability to initiate or complete clinical trials due to disagreements with regulatory authorities;
- failure to adequately demonstrate safety, efficacy, or purity of the pipeline project for the intended indication;
- clinical trial results not meeting the statistical significance required for approval;
- issues with the integrity of clinical trial data;
- regulatory authorities disagreeing with our interpretation of preclinical or clinical data;
- failure to strictly comply with regulatory requirements or trial protocols; or
- non-compliance, protocol deviations, or early withdrawal by clinical institutions, investigators, or other participants

In addition, the NMPA or other comparable regulatory authorities may request additional information (including further analyses, reports, data, non-clinical studies, or clinical trial results) to support the approval process. This may lead to extended or delayed approval timelines, hinder commercialization, or even prompt us to terminate related R&D projects. Regulatory laws and guidelines may also change, requiring us to revise the submitted clinical trial protocols accordingly. Resubmissions may further increase trial costs, prolong timelines, or affect the successful completion of trials. Changes in regulatory policies may also introduce uncertainty, and failure to adapt to new requirements or maintain compliance may prevent us from obtaining or retaining regulatory approvals, thereby impacting profitability.

RISK FACTORS

Moreover, clinical trial results obtained in one country may not be recognized by regulatory authorities in other countries, and approval in one jurisdiction does not guarantee approval elsewhere. Approval procedures may vary significantly across countries and often involve additional testing, inspections, and administrative reviews. We cannot guarantee that we will meet the requirements of different regulatory systems or that our pipeline projects will be approved for marketing in all target markets. Even if approval is granted, we may still need to invest additional time and resources to realize commercialization.

Delays in, or termination of, clinical trials or regulatory reviews can increase development costs, postpone potential approvals and commercialization, narrow the window of market opportunity, and adversely affect our ability to generate revenue from the affected product candidate. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

If we fail to achieve our expected product development milestones, our business, financial condition and prospects could be materially and adversely affected.

Achieving product development milestones is critical to the success of our business, as these milestones directly affect our ability to launch products and meet our strategic objectives. However, the successful execution of our product development activities is subject to significant business, economic and competitive uncertainties and contingencies, including product development risks, availability of funding, competition, obtaining relevant approvals and permits, changes in regulations and government policies, and the continued growth of the pharmaceutical market. The actual timing for achieving our expected product development milestones may differ significantly from our plans due to factors beyond our control, including delays or failures in preclinical studies or clinical trials; challenges in maintaining or establishing relationships with research or co-development partners; uncertainties inherent in the regulatory approval process for new pharmaceutical products; and delays in production or marketing arrangements necessary to commercialize our pharmaceutical products. There can be no assurance that our preclinical studies or clinical trials will be completed on schedule, or at all, or that we will make regulatory submissions or receive regulatory approvals as planned. As such, our ability to adhere to our current timetable for the launch of any product candidate is subject to these uncertainties. If we fail to achieve one or more of these milestones as expected, we may incur additional expenses and may be required to recognize impairment charges on intangible assets, which could adversely affect our business, harm our reputation and diminish market confidence in our products.

RISK FACTORS

Adverse events associated with our product candidates may lead to the interruption, delay or termination of clinical trials and delay or prevent regulatory approval; even after approval, such events may restrict commercialization and could adversely affect our business prospects.

If our product candidates, whether used alone or in combination with other products, cause adverse events, the consequences could include, among others:

- regulatory authorities may interrupt, delay, or terminate the ongoing clinical trials;
- if trial results indicate that the severity or incidence of certain adverse events is unacceptably high, the regulatory authorities may require us to halt further development or delay or even deny approval for any or all intended indications;
- regulatory authorities may revoke or suspend marketing authorization for approved products, or we may voluntarily take such actions even without regulatory mandate;
- regulatory authorities may require additional warnings on product labels, issue safety announcements or other relevant information, or impose further restrictions;
- we may be forced to suspend, delay, or revise development and commercialization plans for the product candidate;
- we may need to develop or revise risk assessment and mitigation strategies to meet updated regulatory requirements;
- we may be required to change the product’s route of administration or conduct post-marketing studies;
- patient recruitment may be slower than expected, or dropout and loss-to-follow-up rates may exceed expectations;
- clinical trial costs for the product candidate may increase significantly;
- if the product candidate causes harm to patients, we may be forced to recall the product and face lawsuits or regulatory investigations;
- additionally, our corporate reputation could suffer serious damage.

Any of the above circumstances could hinder market acceptance of our approved products or diminish their commercial potential, thereby having a material adverse impact on our operations, financial performance, and future development.

RISK FACTORS

Results from preclinical studies and early-stage clinical trial results cannot guarantee the success in later-stage clinical trials.

Results from preclinical studies and early-stage clinical trials do not guarantee success in later-stage trials, and positive preliminary or mid-stage findings may not translate into favorable final results. Even if a product candidate advances beyond preclinical and early clinical stages, it may still fail to demonstrate the expected safety or efficacy in subsequent trials. Differences across trials may arise from protocol modifications; variations in sample size and patient characteristics (including genetic factors); differences in patient adherence; changes in trial design elements; varying dropout rates; or differences in trial sites and the number of participating countries. In addition, as drug development progresses through preclinical and clinical phases before approval and commercialization, elements of the development plan (such as manufacturing processes or formulation) are typically refined during the process, which may affect trial outcomes. Evolving standards of care may also alter patient characteristics or resistance profiles, affecting efficacy and increasing the risk that results will not meet expectations. Future clinical results may differ from early-stage findings and could be unfavorable; even where later trials show efficacy, not all patients may benefit. As a result, the results of planned or future trials may deviate significantly from expectations and may delay clinical development, regulatory approval or commercialization of a product candidate. We may already have invested substantial resources, and if a product candidate ultimately fails to obtain regulatory approval due to unsatisfactory trial results, we may be unable to generate any revenue from it and may not recover our investment. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to respond sufficiently or in a timely manner to rapid scientific and technological changes, evolving clinical demand and market developments in the pharmaceutical industry.

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

In addition, clinical demand for pharmaceutical products may change rapidly. Our success depends on our ability to adjust our R&D plans, production scale and schedules, product portfolio and inventory levels in response to clinical demand, customer preferences, sales trends and other market conditions in a timely manner. There can be no assurance that we will be able to respond sufficiently and promptly to changes in clinical demand and other market conditions in the future, and any such failure could have a material adverse effect on our business, financial condition, results of operations and profitability.

RISK FACTORS

Data and information we gather in our R&D activities may be inaccurate or incomplete, which could affect the clinical development of our product candidates and harm our business, reputation, financial condition and results of operations.

We receive, collect and analyze data and information from our preclinical studies and clinical trials. Because data in the pharmaceutical industry are often fragmented in origin, inconsistent in format and incomplete, overall data quality is subject to challenges, and the extent of missing or omitted data, whether known or unknown, can be material. Consequently, we may discover issues or errors during data monitoring and auditing. Errors in the capture, entry, aggregation, analysis or interpretation of data could materially and adversely affect our ability to advance our product candidates, and our business, prospects and reputation could suffer.

We also manage and submit data to governmental agencies to obtain regulatory approvals. These processes and submissions are governed by complex data-processing and validation requirements. Notwithstanding such requirements, interim, top-line or preliminary clinical data that we release from time to time may change as additional patient-level data become available and as audit and verification procedures are completed. Such changes could expose us to claims, penalties or other liabilities if a patient, court or government agency concludes that our storage, handling, submission, delivery or presentation of data was improper or erroneous. Although we maintain clinical trial insurance, coverage may be inadequate. Even successful claims could result in substantial costs and the diversion of management time, attention and resources. A claim brought against us that is uninsured or underinsured could harm our business, financial condition and results of operations.

In addition, we engage certain third parties to monitor and manage data for our clinical trials. If any of these third parties do not perform to our standards in terms of data accuracy or completeness, data from those clinical trials may be compromised as a result, and our reliance on these parties does not relieve us of our regulatory responsibilities. For details, see “— If we, our employees, affiliates or business partners engage, or are perceived to engage, in misconduct or other improper activities, including corrupt practices and non-compliance with regulatory standards and requirements, our business or reputation could be harmed, and we could be exposed to regulatory investigations, costs and liabilities.”

RISK FACTORS

Risks Relating to Market and Commercialization

Our current revenue and profits mainly rely on certain pharmaceutical products. Decreases in sales volume or pricing and changes in our cost structure could adversely affect our revenue and profitability.

During the Track Record Period, we derived a significant portion of our revenue and gross profit from certain of our pharmaceutical products. For details, see “Business — Our Products and Product Candidates — Major Commercialized Products.” If revenue or gross profit from any of these products declines materially, our financial condition and results of operations could be adversely affected.

In addition, our revenue and profitability depend largely on the commercial performance of these products, and we may be particularly susceptible to factors that adversely affect their sales volumes, pricing or costs, including, among others:

- exclusion from, delayed inclusion in or reduced coverage under government-sponsored medical insurance programs;
- the impact of government pricing regulation;
- failure to win bids in centralized tender processes required for sales to public hospitals and other relevant medical institutions;
- weaker supply advantages relative to substitutes and competing products;
- interruptions in, or increased costs of, raw-material supply;
- product-quality issues, adverse events or negative publicity;
- allegations of intellectual property infringement;
- adverse changes or disruptions in our distribution and sales network;
- failure to respond to changes in the needs and preferences of healthcare practitioners and patients; and
- unfavorable changes in policy, regulation or enforcement.

Many of these factors are beyond our control, and decreases in sales volume, pricing or margins of these products could cause our revenue and profitability to decline and could materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

The commercial performance and profitability of our in-licensed products are subject to uncertainty.

Some of our products are in-licensed and rely on licensors and other external counterparties for intellectual property rights, technical support, registration data, manufacturing, and sales authorization. If any such in-licensed product fails to achieve expected sales, market penetration, pricing, or cost control during commercialization, our profitability and financial performance could be materially and adversely affected. Factors that could cause these products to fall short of commercialization expectations include, among others:

- Real-world performance and post-approval requirements. Efficacy, safety, tolerability or convenience in real-world settings may differ from clinical trial conditions, and products may face stricter labeling, additional safety warnings or further review requirements;
- Pricing and reimbursement. Policy controls, reimbursement systems and centralized procurement/tendering may constrain pricing or limit coverage, reducing competitiveness;
- Competition. Similar or substitute products may be launched around the same time; competitors with more favorable pricing, broader indications or stronger brand recognition may limit market share;
- Distribution and promotion. Acceptance by hospitals and physicians, prescribing habits, and the level of promotional resources, academic support and market-education efforts may fall short of expectations;
- Manufacturing and supply chain. Product-specific process, quality or raw-material requirements may drive higher-than-budgeted costs or expose the supply chain to delays or instability, compressing margins;
- Market access and timeline. Additional time may be required to complete registration or approval steps and to obtain regional or national market access, reimbursement coverage or sales licenses, which could delay revenue recognition and affect impact the profitability cycle; and
- External environment. Changes in laws and regulations, shifts in market demand, public-health events, macroeconomic deterioration, exchange-rate volatility or tariffs/trade barriers could reduce market expectations or increase operating costs.

If one or more of the foregoing occur, our in-licensed products may not achieve targeted sales volumes, margins or market share, which could adversely affect our revenue, profitability, business and prospects.

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If we are unable to succeed in a competitive centralized tender process to supply our products to public hospitals and other relevant medical institutions, we may lose market share, and our revenue and profitability could be adversely affected.

Most pharmaceutical products sold to public hospitals and other relevant medical institutions in China must go through a competitive centralized tender process. This government-led mechanism regulates procurement by such institutions and aims to make drug prices more affordable. In this process, we submit bids to supply our products at specified prices. Our bids are typically evaluated based on factors such as pricing relative to substitute products, clinical value and the quality of our products and services. If we succeed in a centralized tender process, the relevant products are sold to public hospitals and other relevant medical institutions at the bid prices, which generally also determine the prices at which we sell to distributors. The centralized tender process exerts pricing pressure on substitute products or products perceived to be substitutes.

Our sales volume and profitability depend on our ability to differentiate our products and price our bids so that we can succeed in centralized tender processes at profitable levels. We cannot assure you that we will always succeed. If we are unable to do so, we will lose the revenue associated with sales of the affected pharmaceutical products to the relevant public hospitals and other relevant medical institutions in China, which could materially and adversely affect our market share and results of operations.

We may fail to win bids in a centralized tender process due to factors including reduced demand for the relevant product, an uncompetitive bid price, failure to meet specified quality requirements, insufficient service quality to meet tender criteria, perceived inferior clinical efficacy or safety compared to competing products, or perceptions that our services or other aspects of our operations are less competitive. If our products are not selected in the centralized tender process in one or more regions, we will be unable to sell the relevant products to public hospitals and other relevant medical institutions in those regions, and our market share, revenue and profitability could be adversely affected.

We are exposed to specific risks related to overseas commercialization.

We sell pharmaceutical products in overseas markets. We have established commercial relationships with several overseas partners and plan to further expand our international business. If we fail to obtain applicable licenses or to enter into strategic collaboration arrangements with third parties in our target overseas markets, or if such arrangements are unsuccessful, our revenue growth potential could be adversely affected.

Our global expansion may expose us to risks and uncertainties, including:

- compliance with unfamiliar policies and procedures that may differ materially from those in the PRC or other jurisdictions where we operate, in order to obtain the permits, licenses and approvals necessary to manufacture or import, market and sell products in overseas jurisdictions;

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- ongoing compliance with laws and regulations in foreign jurisdictions;
- changes in the political or cultural climate or economic conditions of specific countries or regions, such as political instability, inflation, currency fluctuations, unexpected changes in tariffs, trade barriers and regulatory requirements;
- challenges in commercializing products in new markets where we have limited experience with local dynamics and no established sales, distribution or marketing infrastructure;
- increased expenses or diversion of management attention due to efforts to enter into collaboration or licensing arrangements with third parties for international sales, marketing and distribution;
- increased risk of product liability litigation and regulatory scrutiny arising from marketing and sales in overseas markets, the costs of responding to such matters, and potential limitations on the availability or scope of insurance coverage;
- potentially reduced protection for intellectual property rights and exposure to third-party infringement claims;
- compliance with tax, employment, immigration and labor laws;
- the possibility of parallel imports whereby local retailers, faced with higher domestic prices, may opt to import goods from lower-priced markets rather than purchasing locally; and
- business interruptions resulting from geopolitical events such as war or terrorism, natural disasters including earthquakes, volcanic eruptions, typhoons, floods, hurricanes and fires, or epidemics.

These and other risks could materially and adversely affect our ability to attain or sustain revenue from international markets. If we are unable to successfully implement our global expansion strategies, our business prospects could be adversely affected.

We operate in a highly competitive environment, and we may not be able to compete effectively against current and future competitors, which could materially and adversely affect our revenue and profitability.

We operate in a highly competitive environment. Failure to compete effectively could result in lower sales, price reductions and loss of market share, any of which could materially and adversely affect our results of operations and prospects. Our products primarily compete on efficacy, safety, price and overall market acceptance. Our competitors include large domestic and international pharmaceutical companies, as well as smaller emerging pharmaceutical and biotechnology companies. We face intense competition in the development

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of innovative drugs. Some competitors have greater resources, experience and capabilities in R&D, regulatory affairs, manufacturing, commercialization and global partnerships. In light of the intense competition, we may not be able to compete effectively and obtain substantial market share even if we successfully complete the development and commercialization of our product candidates. We anticipate that we will face increasing competition as new drugs enter the market and advanced technologies become available.

Our commercial opportunities could be significantly reduced if competitors develop and commercialize products that are safer, more effective, more convenient or less expensive than those drugs we develop or commercialize. Our competitors may also obtain approvals from the NMPA or other comparable regulatory authorities more rapidly than we do, establishing strong market positions before we are able to enter the market and putting our product candidates at a competitive disadvantage, potentially delaying or preventing recovery of our development and commercialization expenses.

Our products may also face increased competition from substitute products manufactured overseas that seek to access or further penetrate the PRC market. To the extent such products are, or are perceived to be, more clinically or cost effective than ours, or if imported products are preferred over domestically manufactured products, our sales volumes, pricing and market share could be adversely affected, which could materially and adversely affect our results of operations and prospects.

Certain of our products are subject to pricing regulation and other policies intended to reduce healthcare costs.

Prices of pharmaceutical products typically decline over the product life cycle due to factors such as the centralized tender process, pricing regulation by the PRC government and increased competition from substitute products. In addition, the importation of competing products from jurisdictions where government price controls or market dynamics result in lower prices may exert further downward pressure on the prices of our products.

The PRC government has intensified efforts to reduce overall healthcare costs by reforming pricing regulation and statutory tender process for pharmaceutical products. At present, prices of pharmaceutical products are largely determined through provincial centralized tender process. Competition from other manufacturers, particularly those offering similar products at more competitive prices, may force us to reduce prices upon commercialization. In addition, some new approaches are applied in recent centralized tender process at the provincial level, such as post-tender price negotiations between hospitals and distributors or manufacturers after retail prices are set through the statutory tender process, which may further increase pricing pressure. There is no assurance that new pricing policies or changes to the centralized tender process will not impose additional downward pressure on the prices of our existing and future products.

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In November 2018, the PRC government launched the national pilot scheme of public medical institutions for tendering with minimum procurement quantities (i.e., the volume-based procurement scheme, or the “VBP” scheme). This initiative is aimed at reducing drug prices and may potentially impact how generic drugs are priced and procured in China. The VBP scheme aims to secure larger quantities of pharmaceutical products at lower prices. While bidding successfully under the VBP scheme allows us to sell our products in larger volumes, it also exerts downward pressure on our product pricing to win bids and influences on the prices at which we sell our products to our distributors, thus impacting our revenue and profitability. There are also uncertainties with respect to future drug coverage of the VBP scheme. As a result, there can be no assurance that we will have additional drugs included in such scheme in the future. If our competitors win the bid under such scheme while we fail to do so for our products with the same generic names, demand for our products may decrease and our revenue, profitability and market share could be adversely affected. Moreover, even if our products win the bid, there may be discrepancies between the estimated procurement volumes set out in the tender documents and the actual procurement volumes. As a result, the impact of VBP on sales volume and revenue of winning products is uncertain. Any such changes or future policy developments that we may not be able to predict or control could create uncertainties that materially and adversely affect our product pricing and, accordingly, our revenue and profitability.

If government pricing regulation or other policies aimed at reducing healthcare costs cause our product prices to decline, our margins and profitability could be materially and adversely affected, and our business, financial condition, results of operations and prospects could suffer.

If we fail to effectively carry out promotional activities or maintain a professional and competitive sales team, our product sales performance, operating results, revenue, profitability and overall business outlook could be adversely affected.

Efficient sales and marketing efforts are essential to further expand the market penetration of existing products, increase coverage across hospitals and other medical institutions, and support the successful launch of future products. If we are unable to continuously improve the effectiveness and execution of our sales and marketing activities, or fail to leverage experience gained from marketed products to support the promotion of innovative biologic drugs, our growth may be constrained and our sales and commercial prospects may be negatively affected.

Our sales and marketing activities focus on enhancing awareness and trust among healthcare professionals, hospitals and related institutions regarding our products and, where permissible, our product candidates. Accordingly, our sales and promotional teams must process strong technical backgrounds, be familiar with industry trends and possess specialized knowledge in relevant therapeutic areas, as well as strong communication and promotional skills. If we are unable to effectively train our internal sales representatives or scientific marketing teams, or fail to continuously evaluate and improve their performance, our promotional activities may fall short of expectations.

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In addition, attracting, motivating and retaining experienced sales and marketing professionals is important because we primarily rely on our internal team to drive product sales. Competition for qualified sales and promotional talent is intense. If we fail to remain competitive in this area and cannot attract or retain a sufficient number of qualified professionals, our product sales, hospital coverage and market penetration may be adversely affected, which could materially and adversely affect our business, financial condition, results of operations and profitability.

Failure to achieve or maintain market acceptance of our products could adversely affect our profitability and business prospects.

The commercial success of our products, including existing products and any future products, depends on the degree of market acceptance among the medical community, particularly medical professionals and hospitals. The acceptance of our products will depend upon several factors, including:

- the safety and efficacy of our products and the prevalence and severity of side effects, if any;
- the pricing and cost-effectiveness of our products;
- the advantages and disadvantages of our products relative to competing products or treatments;
- the effectiveness of our sales and marketing efforts;
- publicity concerning our products or competing products;
- our ability to respond to changes in the needs and preferences of healthcare practitioners and patients; and
- the inclusion of our products in key medical insurance programs and the scope of reimbursement coverage.

If our products fail to achieve or maintain broad market acceptance, or if new products or treatments introduced by competitors are perceived more favorably by healthcare practitioners or patients, demand for our products may decline. As a result, our profitability and business prospects could be materially and adversely affected.

In addition, the actual market size for our product candidates may be smaller than we anticipate due to factors such as market acceptance, pricing and patient availability. The number of patients in addressable markets may be lower than expected, or identifying and accessing new patients may prove more difficult. Any of the foregoing could adversely affect our business, financial condition and results of operations.

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We may be unable to manage our future growth effectively. Failure to execute our business strategies could adversely affect on our business prospects.

We continue to expand and develop our business. Our business growth requires addressing increased complexity across our activities, including the development of new products and technologies, manufacturing scale-up, commercialization and international expansion. Executing our strategies requires significant time and attention from management, and any failure to execute effectively could lead to missed milestones, operational inefficiencies and cost overruns and could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, the growth of our business places strains on our operational processes and systems, financial reporting and internal controls and other aspects of our business. To effectively manage our growth, we must continue to improve our operational efficiency and recruit, train and retain qualified personnel, while upgrading and implementing appropriate systems and procedures. The time and resources required are uncertain. If we do not achieve these improvements in a timely and efficient manner, our operations could be adversely affected and our business and financial performance could suffer.

If we fail to maintain, expand and optimize an effective distribution network for our pharmaceutical products, our sales and business prospects could be adversely affected.

We have established a network of distributors in China and overseas markets and rely on them to deliver our pharmaceutical products, meet market demand and drive sales. In 2022, 2023, 2024, and for the six months ended June 30, 2025, revenue from our five largest customers, a substantial majority of whom were our distributors, accounted for 42.5%, 45.1%, 44.8% and 43.5% of our total revenue, respectively. For more details on our five largest customers, see “Business — Our Customers.” Our ability to maintain and grow our business and to satisfy demand for our products depends on maintaining, expanding and optimizing a distribution network that can deliver our products to our target markets on a timely basis. However, we have limited control over third-party distributors. They may not distribute our products in the manner we expect, which could impair the effectiveness of our distribution network. In addition, our distributors may distribute other products that are substitutes for, or have the same indications as, our products, thereby giving rise to direct competition with our products.

Moreover, we typically enter into distribution agreements with our distributors for a fixed term, which requires continuous renewal of these agreements to maintain our relationships with them. Our distributors might choose not to renew their agreements with us or otherwise terminate their business relationships with us for various reasons, including adverse impact from pricing regulations in China or other jurisdictions where we operate, or other factors that limit the margins our distributors can obtain through the resale of our pharmaceutical products to hospitals, other medical institutions and retail pharmacies.

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Our strategies contemplate collaborating with leading pharmaceutical distributors to leverage their channel resources and marketing networks to swiftly penetrate key markets around the globe. However, we may not be able to establish relationships on commercially acceptable terms with new distributors to cover these areas. In the event that a significant number of our distributors terminate their relationships with us, or we are otherwise unable to maintain and expand our distribution network effectively, our sales volumes and business prospects could be adversely affected. Furthermore, if a significant number of our distributors cease or reduce their purchases of our products or fail to perform their obligations under the distribution agreements, our business, financial condition and results of operations may be materially and adversely affected.

Risks Relating to Manufacture and Products

If our quality control, quality assurance or manufacturing do not meet required quality standards, our business and reputation could be harmed and our revenue and profitability could be adversely affected.

Our products and manufacturing processes are required to meet applicable quality standards. Despite our quality management systems and procedures, we cannot eliminate the risk of errors, defects or failures. We may fail to detect or remediate quality issues due to factors that may be beyond our control, including:

- production deviations;
- technical or mechanical malfunctions in the manufacturing process;
- human error or misconduct by quality or manufacturing personnel;
- product tampering or other third-party interference; and
- quality problems in purchased or internally produced raw materials.

In addition, as we expand our manufacturing capacity, we may be unable to ensure consistent quality across existing and new facilities without incurring substantial costs. Failure to detect quality defects in our pharmaceutical products, or to prevent defective products from reaching patients, could result in patient injury or death, product recalls or withdrawals, license suspension or revocation, regulatory fines or other consequences. Any of these could seriously damage our reputation and brand, expose us to liability and adversely affect our business, financial condition, results of operations and profitability.

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A substantial portion of the key raw materials for our products is sourced from overseas, exposing us to supply chain disruptions and cost volatility amid global economic and trade uncertainty.

Key raw materials used in our production, such as cell culture media, bovine serum and certain excipients, are currently procured mainly from overseas. Although we have initiated efforts to replace certain imported materials with domestic alternatives, overseas procurement is expected to remain our primary supply channel in the near term.

Amid global macroeconomic instability, our overseas supply may experience delivery delays or supply disruptions due to logistics congestion, capacity constraints, export restrictions or other unforeseen events, and may also increase prices. Any such developments could raise our production costs, disrupt normal production and operating schedules, lead to product shortages or delays and could materially and adversely affect our business, financial condition, results of operations and prospects.

Our products may be subject to contamination risks.

Our products, particularly our therapeutic biological products, may be exposed to contamination risks. The manufacture of therapeutic biological products typically involves cultivation steps (including growth of the relevant organism) and may use substances of animal origin, which can introduce contaminants and amplify low levels of contamination. Cross-contamination may also occur when manufacturing is conducted on shared equipment or in shared facilities. In addition, improper handling during long-distance transportation, storage or delivery may result in contamination.

In the event of injury resulting from such contamination, we could face product quarantines, batch rejections, recalls or destruction, as well as suspension or shutdown of manufacturing lines. We could also incur significant costs or liabilities, including regulatory investigations, civil or criminal fines and penalties, and product-liability claims. Contamination events may erode customer and counterparty confidence in our product quality and manufacturing reliability, disrupt supply and adversely affect our sales and profitability. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

If our products cause, or are perceived to cause, severe side effects, our revenue and profitability could be adversely affected.

Our pharmaceutical products may cause severe side effects due to factors that may be beyond our control. These factors include potential side effects not revealed in clinical studies, unusual but severe side effects in isolated cases, defects not detected by our quality management system, misuse or medication errors by end-users, or interactions with other therapies. Our products may also be perceived to cause severe side effects where a conclusive determination of causality is not obtained or cannot be obtained. In addition, if other companies' products that contain the same or similar active pharmaceutical ingredients, raw

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materials or delivery technologies are known or perceived to have caused severe side effects, or if regulators in China or other jurisdictions, or international institutions, determine that products with the same or similar ingredients cause severe side effects, perceptions of our products could be adversely affected.

If our products cause, or are perceived to cause, severe side effects, we may face consequences including:

- subsequent effects caused by injury of patients;
- a severe decrease in the demand for, and sales of, the relevant products;
- recall or withdrawal of the relevant products;
- revocation of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our products and our reputation;
- stricter and more frequent regulatory inspections of our production facilities and products;
- removal of relevant products from any medical insurance catalogs, including provincial catalogs of special drugs under critical illness insurance;
- inability to participate in the centralized tender processes; and
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties.

Any of the foregoing could materially and adversely affect our revenue, profitability and business prospects.

If we become subject to product liability claims, we could be exposed to substantial costs and liabilities, which could adversely affect our operations, profitability and reputation.

We are exposed to product liability risk from the development, production, marketing, promotion and sale of pharmaceutical products in the PRC and other jurisdictions where our products are or may be marketed and sold. Claims may arise if any of our products are alleged or found to be unsafe, ineffective, defective or contaminated, or if we are alleged to have engaged in practices such as insufficient or improper labeling, inadequate warnings or insufficient or misleading disclosure of side effects. There can be no assurance that we will not become subject to product liability claims or that we would successfully defend against such claims.

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If a product liability claim is brought against us, it may, regardless of merit or outcome, strain our financial resources and divert the time and attention of management. Such claims may also result in damage to our reputation, product recalls, loss of revenue and an inability to commercialize our products. If we are unable to defend against a claim and our products are found to be defective, we may be subject to civil liability for physical injury, death or other losses, as well as criminal liability and revocation of business licenses. We may be required to recall the relevant products, suspend sales or cease sales altogether. Other jurisdictions in which our products are sold, or may be sold, including more developed markets such as Europe and the U.S., may have similar or more stringent product liability and pharmaceutical regulatory regimes and more litigious environments, which may further expose us to product liability risk. Even if we successfully defend against such claims, doing so may require significant financial resources and management attention.

Negative results from off-label use of our products could materially and adversely affect our business, reputation, brand and results of operations, and could expose us to liability.

Products distributed or sold in the pharmaceutical market may be prescribed for uses that are not consistent with the approved labeling, including unapproved indications, patient populations, dosages, dosage forms or routes of administration. The NMPA and other comparable regulatory authorities actively enforce laws restrictions on off-label use, and companies found to have improperly promoted off-label uses may face significant liabilities. Although we do not promote off-label uses and we maintain compliance policies and training, we cannot prevent physicians from prescribing our products off-label. Off-label use may render a product less effective or ineffective or, may result in adverse events, which could lead to negative publicity, reduced sales, product liability claims, regulatory inquiries or enforcement actions, fines or penalties, additional labeling or use restrictions, and reputational harm. Any of these events could materially and adversely affect our business, reputation, brand and results of operations.

Risks Relating to Policy and Regulations

If our products are not timely included in, or are removed or excluded from, national, provincial or other government-sponsored medical insurance programs, our revenue and profitability could be adversely affected.

Insurance coverage is a critical factor in a patient’s ability to afford treatments. If a pharmaceutical product is covered by medical insurance, whether provided by the government or a commercial insurer, patients may receive reimbursement for all or a portion of the cost. For instance, in the PRC, government-sponsored medical insurance programs reimburse patients for pharmaceutical products listed in the NRDL or relevant provincial medical insurance catalogs, or special drugs for critical illnesses included under provincial insurance programs. Consequently, the inclusion or exclusion of a pharmaceutical product in or from such programs, or any limitation on their coverage could significantly affect patient demand for our pharmaceutical products. Any delay in inclusion of our products in the NRDL or other government-sponsored medical insurance programs may adversely affect their market adoption and sales growth.

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The decision to include pharmaceutical products in insurance coverage depends on various factors, including efficacy, safety and price, which may be beyond our control. Moreover, government authorities may, from time to time, review and adjust the scope of reimbursement for products that are listed in any medical insurance catalog. For example, in the PRC, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security, together with other government authorities, regularly review the inclusion or removal of drugs from the NRDL. If our products are not timely included in relevant government-sponsored medical insurance programs, or if they are removed from these programs, or if the scope of reimbursement is reduced, demand for our products may decrease, which could adversely affect our revenue and profitability. See “Business — Product Pricing — National Reimbursement Drug List” for more information on the NRDL’s impact on us.

All material aspects of our operations are heavily regulated, and any failure to comply with these regulations could materially and adversely affect on our business.

We operate primarily in the PRC and have an increasing global presence, including sales to multiple EU and emerging markets, localized overseas operations and other international collaborations. The pharmaceutical industry in the PRC and certain overseas markets is strictly regulated across product development and approval, manufacturing and quality management, sales and marketing. For example, the NMPA or other relevant authorities may conduct announced or unannounced inspections of our facilities to monitor compliance, and we cannot assure you that we will pass all such inspections. Differences among regulatory regimes also increase complexity and compliance costs for a company expanding globally.

The pharmaceutical industry is subject to extensive government regulation and supervision that cover virtually all aspects of a pharmaceutical company’s operations. Violations of applicable laws, rules or regulations may constitute criminal offenses in certain circumstances. Specific laws, rules and regulations may affect the pricing, demand and distribution of our products, including those governing procurement, prescription and dispensing of essential and other drugs by hospitals and other medical institutions, retail pharmacies, government funding for private healthcare and medical services, and inclusion of products in national or provincial reimbursement catalogs. In addition, the pharmaceutical manufacturing, distribution and retail sectors, as well as healthcare services and medical devices, are subject to extensive and evolving regulation and supervision. Changes in these regulations could increase our compliance costs and could materially and adversely affect our business, profitability and prospects.

Obtaining regulatory approvals and maintaining ongoing compliance in different jurisdictions require significant time and financial resources. Failure to comply with applicable requirements in the jurisdictions where we operate or intend to operate at any stage of development, approval or post-approval may subject us to administrative or judicial sanctions, including refusal to approve pending applications, revocation of approvals, withdrawal of licenses, suspension of clinical trials, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusal of government contracts, restitution, disgorgement, and civil or criminal penalties. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

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Any failure to comply with existing laws, regulations or industry standards could also result in fines or other penalties, termination of ongoing research, disqualification of data submitted to regulators, or bans on future product sales, each of which could have an adverse impact on our reputation, business, financial condition, results of operations and prospects. Even if we successfully defend against any action or investigation, we could incur significant legal expenses, management time and attention could be diverted from operations, and our reputation and financial results could be adversely affected.

Even after we obtain regulatory approval to market our product candidates, they remain subject to ongoing or additional regulatory obligations and continued regulatory review, which may expose us to liabilities and result in significant additional expenses.

Our product candidates, once approved, will be subject to ongoing or additional regulatory requirements of the NMPA or other comparable regulatory authorities, including those relating to production, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, and conduct of post-marketing studies. These requirements also include submissions of safety, efficacy and other post-marketing information and reports, registration, as well as continued compliance with the applicable GMP and GCP, for any clinical trials that we conduct post-approval.

Any approvals that we receive for our product candidates may be subject to limitations on the indications approved for which the drugs may be marketed, which could adversely affect the drugs’ commercial potential. In addition, the approvals may contain requirements for potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of the product candidates. The NMPA or other comparable regulatory authorities may also require a post-approval risk evaluation and mitigation strategy program as a condition of approval of our product candidates.

Once a drug is approved by the NMPA 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 issues with production processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our 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 drug recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the NMPA or other comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, 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, administrative or criminal penalties.

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In addition, we are subject to ongoing regulatory requirements for our day-to-day business operations. Accordingly, we must continue to expend time, costs and efforts in all areas of regulatory compliance, including production and quality management. We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in China or other jurisdictions, especially when the regulatory environment is constantly evolving. If we are unable to maintain regulatory compliance, or if we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, we may lose any regulatory approval that we have obtained, and we may not achieve or sustain profitability.

We may be exposed to environmental liabilities or compliance costs that could materially and adversely affect our business and results of operations.

Our pharmaceutical production processes involve the handling, production and use of substances that may be considered toxic or hazardous within the meaning of environmental laws. We are subject to PRC laws, rules and regulations concerning environmental protection, including the discharge of effluent water and solid waste as well as the disposal of hazardous substances during our production processes, as well as similar laws, rules and regulations in other jurisdictions where we operate or plan to operate our business. In addition, we are required to obtain clearances and authorizations from relevant PRC government authorities for the treatment and disposal of such discharge. The cost of complying with current and future environmental laws, rules and regulations and the liabilities, which may potentially arise from the discharge of effluent water and solid waste, as well as the disposal of hazardous substances, may increase our costs and have an adverse effect on our profitability. Any violation of these laws, rules or regulations may result in substantial fines, criminal sanctions, revocations of operating permits, shutdown of our facilities and obligations to take corrective measures, among other things, which in turn may materially and adversely affect our business, financial condition and results of operations. We may face civil liability for any alleged personal injury or property damage due to exposure to hazardous substances at our production facilities. Such claims can be substantial and could in the future materially and adversely affect our business and results of operation, if it is not adequately covered by insurance.

Furthermore, the government authorities may take steps towards the adoption of more stringent environmental regulations. As a result of such regulatory developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any change in the environmental regulations, we may need to incur substantial capital expenditures to install, replace, upgrade or supplement our pollution control equipment, take additional protective and other measures against potential contamination or injury caused by hazardous materials, or make operational changes to limit any adverse impact or potential adverse impact on the environment. If these costs become prohibitively expensive, we may be forced to curtail or cease certain of our pharmaceutical manufacturing business. In addition, if we become subject to any significant environmental-related liabilities, it could adversely affect our financial condition and results of operations.

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Economic sanctions, export controls, anti-corruption, anti-bribery, anti-money laundering and other relevant laws and regulations may expose us to potential compliance risks.

We are subject to economic sanctions, export controls, anti-corruption, anti-bribery, anti-money laundering and other relevant laws and regulations in the countries and regions where we have business operations. Any violation of these laws or regulations could result in governmental or regulatory investigations, civil or criminal fines or other sanctions, whistleblower complaints and adverse publicity, which could have an adverse effect on our reputation, business, operating results and prospects. In addition, responding to any enforcement action may result in a significant diversion of management’s attention and significant defense costs and other professional fees.

The U.S., the United Kingdom and other jurisdictions or organizations, including the EU and the United Nations, have, through executive orders, passing of legislation or other governmental means, implemented measures that impose economic sanctions or export control restrictions on certain countries or jurisdictions, persons or organizations within these countries or jurisdictions, or targeted industry sectors, groups of companies, or persons. There can be no assurance that we will be able to prevent or detect all inadvertent business dealings with sanctioned parties or the dispatch of freight to higher-risk or prohibited end-uses. We cannot predict the interpretation or implementation of government policies in the U.S. at the federal, state or local levels or any policy of the United Kingdom, the European Union, the United Nations and other applicable jurisdictions with respect to any current or future activities by us or our business partners in countries subject to international sanctions or otherwise sanctioned, or our business activities subject to export control restrictions. As a result, we cannot assure you that our future business will be free of risk under sanctions or export control restrictions implemented in these jurisdictions or that we will conform our business to the expectations and requirements of the authorities of the U.S. or any other government or organization that, with or without jurisdiction over our business, assert the right to impose sanctions or export control restrictions on an extraterritorial basis. Our business and reputation could be adversely affected if the authorities of the U.S., the United Kingdom, the European Union, the United Nations or any other government or organization were to determine that any of our activities constitutes a violation of the sanctions or export control restrictions. In addition, as many sanction programs are constantly evolving, new requirements or restrictions could come into effect, which might increase scrutiny of our business or result in additional compliance risks.

Risks Relating to Collaboration, Licensing, and Intellectual Property

If we or our business partners fail to obtain, maintain or renew necessary licenses and permits for the development, production, promotion, and sale of our products, our ability to conduct our business could be materially impaired and our revenue and profitability could be adversely affected.

We are required to obtain, maintain and renew various licenses and permits to develop, produce, promote, and sell our pharmaceutical products. Our business partners, such as suppliers, distributors, licensing collaboration partners, and other third-party contractors, on whom we may rely to develop, produce, promote, sell and distribute our products, may be subject to similar requirements. For details, see “Business — Legal and Compliance —

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Licenses, Permits and Certificates.” We and our business partners may be subject to regular inspections, examinations, inquiries or audits by the regulatory authorities, and an adverse outcome may result in the loss or non-renewal of the relevant permits, licenses and certificates. Moreover, the criteria used in reviewing applications for, or renewals of, permits, licenses and certifications may change from time to time, and there can be no assurance that we or parties whom we cooperate with will be able to meet new criteria that may be imposed to obtain or renew the necessary permits, licenses and certificates. Many of such permits, licenses and certificates are material to the operation of our business, and if we or parties whom we cooperate with fail to maintain or renew material permits, licenses and certifications, it could materially impair our ability to conduct our business. While we have always been able to maintain and renew our material permits, licenses and certificates, there is no assurance that we will be able to continue doing so in the future.

Any changes in the standards used by government authorities in considering whether to renew or reassess our licenses, permits and certificates, as well as any enactment of new regulations that may restrict the conduct of our business, may decrease our revenue and increase our costs, which in turn could materially and adversely affect our profitability and prospects. Furthermore, if the interpretation or implementation of existing laws and regulations changes, or any new regulation comes into effect, so as to require us or parties whom we cooperate with to obtain any additional licenses, permits or certificates that were previously not required to operate our business, there can be no assurances that we or parties whom we cooperate with will successfully obtain such permits, licenses or certificates.

If we are unable to adequately protect our intellectual property, or if the scope of our intellectual property fails to sufficiently protect our proprietary rights, our competitors could compete against us more effectively, which may have a material adverse impact on our business and results of operations.

Our success depends in large part on our ability to protect our valuable innovations, including our products, product candidates and proprietary technologies, by obtaining, maintaining and enforcing our intellectual property rights, such as patent rights. We seek to protect our intellectual property that we consider commercially important by filing patent and trademark applications, securing pharmaceutical regulatory protection, enforcing contractual confidentiality obligations, relying on trade secrets, or employing a combination of these methods. For details of our intellectual property rights, see “Business — Intellectual Property” and Appendix VI to this document. If we fail to adequately protect our intellectual property, competitors may be able to imitate or copy our products, use our technologies and erode or negate any competitive advantage we may have, which could adversely affect our business and results of operations.

However, there are a number of risks and uncertainties related to the patent application process. Filing, prosecuting and maintaining patents or patent applications on our products or product candidates worldwide could be time-consuming and expensive, and there is no assurance that any of our pending patent applications will lead to issued patents, or that such patents, if issued, will provide us with adequate proprietary protection or competitive advantages. In addition, the patentability requirements across countries and regions vary and the laws of different countries or regions do not provide patent protection to pharmaceutical inventions to the same extent. Therefore, our patent applications may not be granted in all

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countries and regions, and the scope and strength of issued patents can vary globally. Moreover, different countries and regions may provide varying regulatory exclusivities to pharmaceutical products, and some countries or regions provide no regulatory exclusivities at all. Consequently, we may not be able to achieve uniform protection or exclusivities for our products or product candidates. Furthermore, given the lengthy process required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our patents and patent applications may not provide us with an adequate exclusivity period for our products or product candidates.

Moreover, the patents that we hold are for a finite duration. Following the expiration of the relevant patents, our existing or future competitors may be able to develop and introduce substitute products to ours which may be identical in formulation. In the event that our competitors introduce substitutes for these products post-patent expiration, it could have an adverse impact on the sales volume and pricing levels for such products. Although extensions may be available, there is no guarantee that we will be able to secure such extensions, or that they will be extensive as requested. This might allow our competitors to obtain approval for competing products following our patent expirations. Furthermore, there are a number of factors that could cause our existing patents or other intellectual property to become invalid or unenforceable, including known or unknown prior art, deficiencies in patent applications and lack of originality in the underlying technologies. If the patents relevant to our products or product candidates were to be declared invalid or unenforceable, it could have an adverse impact on the sales volume and pricing levels for our products and our ability to successfully commercialize the product candidates.

Certain of our patents and patent applications, including those developed under our collaboration and licensing agreements, may from time to time be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners’ interest in relevant patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors. In addition, we may need the cooperation of such co-owners to enforce these patents or patent applications against third parties, while these co-owners may not be willing to cooperate with us. Any of these factors could adversely affect our competitive position and results of operations.

In addition, our employees or partners might disclose our proprietary information or trade secrets. We may be unsuccessful in securing confidentiality agreements with our employees or business partners. Our employees or partners may also breach the confidentiality clauses and disclose our trade secrets to third parties, which could adversely affect our competitive position.

Changes in patent laws in China and other jurisdictions where we hold intellectual property rights may pose challenges to our intellectual property protection in such jurisdictions.

Our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical industry often involve technological and legal complexity and are costly, time-consuming and inherently uncertain. Changes in patent laws or their interpretation in

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China, the U.S., Europe or other jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, and, more generally, affect the value of our intellectual property or narrow the scope of our intellectual property rights.

In China, the relatively recent amendment to the PRC Patent Law (《中華人民共和國專利法》) in October 2020, which became effective in June 2021, introduced patent term compensation mechanism for eligible invention patents related to new drugs. The patents owned by third parties may be extended, which may in turn affect our ability to commercialize our drug candidates (if approved) without facing infringement risks. According to the PRC Patent Law, in order to compensate for the time used for the review and approval of new drugs for marketing, the patent administration department of the State Council must, at the request of the patentee, provide patent term compensation for invention patents of new drugs approved for marketing in China. The patent term compensation may not exceed five years, and the total effective term of the patent after the new drug approved for marketing should not exceed 14 years. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property laws would not have a material impact on our intellectual property protection.

Furthermore, the PRC and the U.S. have adopted the “first-to-file” system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Publications of discoveries in scientific literature often lag behind the actual discoveries. In the PRC, invention patent applications are generally maintained in confidence until their publication 18 months from the filing date. Similarly, patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain whether we were the first to make the inventions claimed in our patents or pending patent applications, or whether we were the first to file for patent protection of such inventions. Even after reasonable investigation, we may not know with certainty whether any third-party may have filed a patent application without our knowledge while we are still developing or producing that product. These events have created uncertainty with respect to the validity and enforceability of patents once obtained. Additionally, laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our patent rights and our ability to protect, defend and enforce our patent rights in the future.

We may be subject to intellectual property infringement claims, which could divert our management’s attention, expose us to substantial liability, harm our reputation, limit our R&D or other business activities and impair our ability to sell our products or commercialize our product candidates.

Our success depends significantly on our ability to develop, manufacture, market and sell our products and use our proprietary technologies without infringing, misappropriating or otherwise violating the patents and other proprietary rights of third parties. The pharmaceutical industry is characterized by extensive litigation regarding patents and other intellectual property rights. We may from time to time become party to, or threatened with, adversarial proceedings or litigation in the PRC and overseas regarding intellectual property rights with

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respect to our technology and any products or product candidates we may develop. As the pharmaceutical industry expands and more patents are issued, the risk increases that our products or product candidates or technologies that we develop may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert infringement claims against us based on patents or other proprietary rights that we currently hold or may be granted in the future, regardless of their merit. The risk of being subject to intellectual property infringement claims will increase as we continue to expand our operations and product offerings. Additionally, as patent applications can take many years to issue, there may be pending patent applications which might eventually lead to issued patents which our products or product candidates could inadvertently infringe. Moreover, there may be existing patents that we are not aware of or that we have incorrectly concluded are invalid. As such, we may be unable to determine whether any of our products, product candidates, processes and other related matters infringe upon the intellectual property rights of others. We may from time to time receive, notices that claim our technologies or certain other aspects of our business have infringed, misappropriated or misused third parties’ intellectual property rights. Whether or not third-party intellectual property claims have merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability or priority. Defending against these claims, regardless of their merit, would also involve substantial litigation expenses and create a significant diversion of resources from our business. A court of competent jurisdiction could hold that these third-party patents or other intellectual property rights are valid and enforceable and infringed by us, which could materially and adversely affect our ability to commercialize product candidates we may develop and any other products or technologies covered by the asserted third-party patents or other intellectual property rights.

If we are found to have infringed on a third party’s intellectual property, and we are unsuccessful in demonstrating that such patents or other intellectual property rights are invalid or unenforceable, we could be required to:

- obtain royalty-bearing licenses from such third party, which may not be available on commercially reasonable terms, if at all;
- acquire any necessary licenses from third parties, which could be non-exclusive, give our competitors and other third parties access to the same technologies licensed to us, and require us to make substantial licensing and royalty payments;
- defend litigation, arbitration, or administrative proceedings;
- reformulate our product or product candidate so that it does not infringe the intellectual property rights of others, which may not be possible or could be costly and time-consuming;
- cease developing, manufacturing and commercializing the infringing products, product candidates or technologies; or
- pay such third party significant monetary damages, if we are found to have willfully infringed a patent or other intellectual property rights.

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Some of our competitors may have substantially greater resources, and therefore are likely to be able to sustain the costs of complex intellectual property litigation longer than we could. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to conduct our clinical trials, continue our internal research programs, in-license needed technology, or enter into strategic partnerships that would help us bring our drug candidates to market.

Claims that we or our employees have misappropriated the confidential information or trade secrets of third parties could have a material adverse effect on our business, financial condition, results of operations, and prospects. Certain of our employees were previously employed at medical institutions and pharmaceutical companies, including our competitors or potential competitors. Although we endeavor to ensure that our employees do not use proprietary information or know-how of other companies during their employment with us, we may be subject to claims that we or our employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of their former employers. Litigation may be necessary to defend against these claims, and even if we are successful in litigation or administrative proceedings, such litigation and proceedings may be costly and could result in a substantial diversion of management resources.

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

The Patent Law of the PRC, which took effect in June 2021, introduces patent extensions to patents of new drugs commercialized in the PRC. It stipulates that the patentee of relevant invention patents of a new drug that is approved for marketing in China can apply for patent term extension to compensate for the time spent for the regulatory review, examination and approval process. The compensated extension for a patent term is up to five years, with the total valid patent term for a new drug not exceeding 14 years after drug approval.

Although patent extensions may be available, the applicable time period or the scope of patent protection afforded could be less than what we request. If we are unable to obtain any patent term extension or the term of any such extension is less than what we request, our competitors could face reduced barriers to marketing competing products, including generic or biosimilar drugs, following our patent expiration, and our revenue could be reduced, possibly materially. Further, if this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical data and launching their product sooner than they otherwise would. If we are unable to successfully challenge potential patent infringement, our competitors may obtain approval of competing products following or before our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

In addition, manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office. 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.

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We engage with third parties for certain aspects of our business. If these third parties fail to reliably, timely or cost-effectively provide us with their obligated services, our business could be adversely affected.

We rely on third parties, such as qualified medical institutions and contract research organizations (“CROs”), in certain aspects of our business, including the design and conduct of clinical trials for our product candidates as well as commercialization of our products or product candidates in specific regions. Our business will be adversely affected if business or economic conditions or future developments in applicable laws and regulations negatively impact the operations of these third parties and, consequently, result in a reduction in their provision of services to us. If these third parties, whom we do not control, do not successfully fulfill their contractual duties or regulatory obligations or meet expected deadlines, or if our collaboration partners do not have the ability or the resources to successfully complete their objectives, or choose not to continue their relationship with us, our development and commercialization efforts could be delayed, suspended or terminated. In addition, if the quality or accuracy of the data we obtain from these third parties is compromised due to their failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical activities could be delayed, and we may not be able to obtain regulatory approvals for our product candidates.

If we, our employees, affiliates or business partners engage, or are perceived to engage, in misconduct or other improper activities, including corrupt practices and non-compliance with regulatory standards and requirements, our business or reputation could be harmed, and we could be exposed to regulatory investigations, costs and liabilities.

We are subject to risks in relation to improper actions taken by us, our employees, affiliates or business partners. Misconduct by these individuals and institutions could include intentional, reckless or negligent conduct that violates applicable laws and regulations, including on the reporting of true, complete and accurate information and data to regulatory authorities, data privacy and security, product quality and production standards. For example, we are subject to the anti-bribery and corruption laws of China, which generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. We are also required to comply with the U.S. Foreign Corrupt Practice Act (FCPA), which generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. As our business expands globally, our exposure to the FCPA and other anti-bribery and corruption laws relevant to our operations is expected to increase. In addition, sales, marketing, and business arrangements in the pharmaceutical industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. Any allegations of such behavior against us, our employees, affiliates or our business partners or even the pharmaceutical industry in general could generate negative publicity and materially and adversely affect our reputation and business prospects.

We do not and cannot fully control the conduct of our employees, affiliates or business partners. Our employees, affiliates or business partners may conduct their sales and marketing or other activities in violation of the applicable anti-corruption, anti-fraud and other related laws. If our employees, affiliates or business partners engage in corruption, fraud or other improper conduct that result in violation of these laws in the PRC or other jurisdictions, our

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reputation could be harmed. While we have implemented protocols against fraud, corruption and bribery, there can be no assurance that we have been and will be able to entirely prevent our employees, affiliates or business partners from engaging in such activities. We may be held liable for actions taken by our employees, affiliates or business partners, which could expose us to regulatory investigations and penalties. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees, reputational harm and divert the attention of management in defending ourselves against any of these claims or investigations. These factors could have a material adverse impact on our business, financial condition and results of operations.

Negative publicity about our industry, us, or our management, employees, affiliates or business partners may adversely affect our brand, reputation and business prospects.

Our brand is important to attracting and retaining customers and collaborators, and our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and growing our brand depends largely on the success of our efforts to deliver high-quality products, our marketing efforts, and our ability to successfully secure, maintain, and defend our rights to use our brand and tradenames. Our brand could be harmed if we fail to achieve our objectives.

There can be no assurance that we will be able to maintain a positive reputation or brand name for all our products in the future. Our reputation and brand name may be adversely affected by a number of factors, many of which are beyond our control, including:

- negative publicity associated with our products, including with respect to their efficacy or side effects;
- the effects of counterfeit products purporting to be our products;
- improper or illegal conduct by our employees, affiliates and business partners, whether or not authorized by us;
- adverse publicity that is associated with the Company, our products or our industry, whether or not substantiated; and
- lawsuits and regulatory investigations against the Company, our management, employees, affiliates or business partners or otherwise relating to our products or industry.

Our brand value also depends on our ability to maintain a positive customer perception of our corporate integrity, purpose and brand culture. Any negative publicity concerning the pharmaceutical industry, us, or our management, employees, affiliates or business partners, or any entity that we may authorize to use our brand name, even if untrue, could materially and adversely affect our brand, reputation, and business prospects. In addition, negative publicity about any entity that uses (whether with our authorization or not) our brand name could damage our brand image or business prospects.

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In addition, social media is increasingly being used by patients and industry players alike, to communicate about the diseases that our pharmaceutical products are designed to treat. Social media practices in the pharmaceutical industry continue to evolve and this evolution creates uncertainty and risk of non-compliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a pharmaceutical product or report an alleged adverse event. We may not be able to closely monitor every one of such posts or comments, therefore may not be able to fully comply with applicable adverse events reporting obligations. If any of these events occurs or we otherwise fail to comply with applicable regulations, we may incur liability, face regulatory actions or suffer other harm to our business.

We will continue to pursue collaborations, licensing arrangements, joint ventures, strategic alliances, partnerships or other strategic investments or arrangements, which may fail to produce the anticipated benefits and adversely affect our operations.

We will continue to pursue opportunities for, collaborations, licensing arrangements, joint ventures, strategic alliances, partnerships or other strategic investment or arrangements that we believe would advance our business development. For details, see “Business — Collaboration and Licensing.” Proposing, negotiating and implementing these opportunities may be a lengthy and complex process. Our competitors, including those with substantially greater financial, marketing, technology, or other business resources, may compete with us for these opportunities or arrangements. We may not be able to identify, secure, or complete any such transactions or arrangements in a timely manner, on acceptable terms, or at all.

To the extent that we are successful in entering into such commercial arrangements, the management and integration required in relation to a licensing arrangement, collaboration, joint venture or other strategic arrangements may disrupt our current operations and divert management resources that otherwise would be available for our existing business. We may not realize the anticipated benefits of any or all of our collaborations, licensing arrangements, joint ventures, strategic alliances, partnerships or other strategic investment or arrangements in the time frame expected or at all. In addition, valuations supporting our acquisitions and strategic investments could change rapidly. Following any such transaction, there could be impairments of our investments or assets we acquired, which could materially and adversely affect our business, financial condition and operating results.

Moreover, partners, collaborators, or other parties to such transactions or arrangements may fail to fully perform their obligations or meet our expectations or cooperate with us satisfactorily for various reasons and subject us to potential risks, including situations where partners, collaborators, or other parties:

- may have significant discretion in determining the efforts and resources that they will apply to a transaction or arrangement;

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- could independently develop, or develop with third parties, services and products that compete directly or indirectly with the product candidates developed under the collaboration with us;
- may stop, delay or discontinue clinical trials or repeat clinical trials or conduct new clinical trials by using our intellectual property or proprietary information;
- 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 liabilities;
- may have disputes with us that cause the delay or termination of the research, development, or commercialization of the product candidates developed under the collaboration with us, or result in costly litigation or arbitration that diverts management’s attention and resources; and
- may own or jointly own the intellectual property pertaining to the product candidates developed under the collaboration with us, and in such cases, deny us the exclusive right to commercialize such intellectual property.

Any such transactions or arrangements may also require actions, consents, approval, waiver, participation or involvement of various degrees from third parties, such as regulators, government authorities, creditors, licensors or licensees, related individuals, suppliers, distributors, shareholders, or other stakeholders or interested parties. There is no assurance that such third parties will be cooperative as we desire, or at all, in which case we may be unable to carry out the relevant transactions or arrangements.

Other Risks Relating to Our Business and Industry

We incurred losses in certain years during the Track Record Period, and we may incur losses in future periods.

During the Track Record Period, our revenue was RMB1,315.9 million, RMB1,259.0 million, RMB1,406.9 million and RMB700.5 million in 2022, 2023, 2024 and the six month ended June 30, 2025, respectively. After incurring losses of RMB92.8 million in 2022 and RMB195.5 million in 2023, we achieved a profit of RMB27.0 million and RMB79.0 million in 2024 and the six month ended June 30, 2025, respectively. However, you should not rely on the revenue growth of any prior period as an indication of our future performance, as our operational and financial growth is not necessarily indicative of results that we may achieve in the future. There is a wide array of factors that will affect our performance and growth, including the overall economy, market acceptance of our products, competitive products and technologies, and pricing pressures, many of which are beyond our control. We cannot assure you that we will be able to maintain our growth at the same rate as we did in the past, or avoid any decline in the future.

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In addition, we will continue to develop new products and technologies in the future, but we cannot assure you that our efforts will be successful or generate results that meet our expectations. Furthermore, the pharmaceutical market, as well as applicable laws and regulations governing the pharmaceutical market, in China and other jurisdictions where we operate, are subject to further changes. As market conditions and the regulatory environment continue to evolve, we cannot assure you that our operations will continue to deliver the expected business results.

Our business depends on our senior management members and other key personnel, including core technical personnel. If we fail to retain our key senior management members or to attract, retain and train qualified personnel, our business prospects could be adversely affected.

Our success depends heavily upon the continued services of our senior management members, key R&D personnel and key sales and marketing personnel. In particular, the industry experience, management expertise and contributions of our Directors and other members of our senior management are crucial to our success. They play a crucial role in the development and commercialization of our products and realization of the potential benefits of our intellectual property. In addition, success in the pharmaceutical distribution and pharmaceutical retail of our products depends on the dedication and skills of our sales and marketing personnel. Accordingly, our ability to attract and retain key personnel is a critical factor in our competitiveness.

Although we have employment agreements with each of our senior management members, these agreements do not prevent our executives from terminating their employment with us at any time. If we lose the services of any key personnel, we may be unable to recruit a suitable or qualified replacement and may incur additional expenses to recruit and train new personnel, which could disrupt our business and growth. In addition, if any of our key personnel joins a competitor or forms a competing business, we may lose know-how, trade secrets and customers.

Furthermore, as we expect to continue expanding our operations and product portfolio, recruiting, retaining and training qualified R&D, production and quality management, and sales and marketing personnel will be critical to our success. We will need to continue attracting and retaining personnel with extensive experience and industrial knowledge. We may also need to hire, train and manage individuals with expertise that is separate, supplemental or different from expertise that we currently have. Competition for these individuals in the pharmaceutical industry is intense and could cause us to offer higher compensation and other benefits in order to attract and retain them, thereby increasing our operating costs and in turn, materially and adversely affecting our financial condition and results of operations. If we are unable to attract, motivate, train and retain these key personnel required to achieve our business objectives, our business prospects could be adversely affected.

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If we suffer substantial disruption to any of our production facilities or encounter problems in producing our products, our business and results of operations could be adversely affected.

We manufacture substantially all of our products through our own production facilities in China. The continued operation of our production facilities and our production safety may be substantially interrupted and materially and adversely affected due to a number of factors, many of which are beyond our control. These may include fire, flood, earthquakes, power outages, fuel shortages, mechanical breakdowns, epidemics, terrorist attacks and wars, or other natural disasters; loss of licenses, permits or certificates; and changes in governmental planning for land used for these facilities or their vicinity, and other regulatory changes.

If the operation of any of our production facilities is substantially disrupted, we may not be able to replace the equipment or replenish the inventories at such facilities, or use alternative sites or third-party contractors to continue our production in a legal, timely and cost-effective manner, or at all. Although we maintain property insurance for our production facilities and equipment, we do not maintain business interruption insurance, and the amount of our insurance coverage may not be sufficient to cover our losses in the event of a significant disruption to any of our production facilities.

Additionally, we may experience disruptions to our supply chain, such as shortages in supplies of raw materials and other products from our suppliers, whether due to dependency on single-source or a few major market players or otherwise, or industry-wide disruptions in the supply chain for reasons beyond our control, such as pandemics, regional conflicts, global crises and destruction of transportation infrastructure or routes. Should any of these occur, it could materially and adversely affect our manufacturing operations, negatively impacting our business and results of operations.

Furthermore, problems may also arise during production for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, delays related to the construction of new facilities or the expansion of our existing production facilities (including changes in production sites and limits to production capacity due to regulatory requirements), changes in the types of products produced, physical limitations that could inhibit continuous supply, and man-made or natural disasters and environmental factors. As a result of disruption to our manufacturing facilities or any problems in producing our products, we may fail to fulfill contract obligations or meet market demand for our products, and our business, revenue and profitability could be adversely affected.

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Failure to maintain optimal inventory levels could increase our operating costs or lead to unfulfilled customer orders, either of which could have a material adverse effect on our business and results of operations.

As of December 31, 2022, 2023 and 2024, and June 30, 2025, we had inventories of RMB208.2 million, RMB191.4 million, RMB141.8 million and RMB128.9 million, respectively. We seek to maintain optimal inventory levels to fulfill orders coming from our extensive distribution network and successfully meet our customers’ demand. However, we are exposed to inventory risk as a result of rapid changes in product lifecycles, changing clinical demands, uncertainty of product developments and launches as well as the volatile global economic environment. Further, demand for products could change significantly between the time when the products are approved for market introduction and the time they are ready for sale and delivery. When we begin to sell a new product, it is particularly difficult to forecast product demand accurately.

There can be no assurance that we can accurately predict customer demand and market trends and avoid over-stocking or under-stocking our products. Inventory levels in excess of demand may result in inventory impairment, expiration of our products or an increase in inventory holding costs, and a potential negative effect on our liquidity. On the contrary, if we underestimate demand, we may experience inventory shortages, which may, in turn, result in unfulfilled customer orders, leading to a negative impact on our customer relationships and loss of sales opportunities and revenue. There can be no assurance that we will be able to maintain proper inventory levels of our products, and any such failure may have a material adverse effect on our business and results of operations.

If we suffer technological failures, security breach or other disruptions in our information and data management systems, it could adversely affect our ability to effectively manage our business operations.

In the ordinary course of our business, we receive, collect, store and transmit preclinical and clinical data, and other confidential and proprietary information, including that relating to our R&D and intellectual property. We also utilize external security and infrastructure vendors to maintain our information security management system. We face a number of risks related to protecting our confidential information and data, including material system failure or security breach, loss of access and data, inappropriate use or disclosure, inappropriate modification, and the risk of inability to adequately monitor, audit, and modify our controls over our critical data and information. This risk extends to our vendors and sub-contractors we use to manage our sensitive data and our collaborators who share with us sensitive data.

The secure processing, storage, maintenance and transmission of our data and information are vital to our operations. Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance, or other malicious or inadvertent disruptions. In addition, while we have implemented security measures to prevent unauthorized access to confidential data, there is no guarantee we can

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protect our data from breach. Furthermore, failures of our information technology infrastructure may result in disruptions to our operations, which may in turn materially and adversely affect our business, reputation, financial condition, results of operations and prospects.

If we become a party to litigation, arbitration, legal disputes, claims or administrative proceedings, it may divert our management’s attention, result in costs and liabilities and damage our reputation.

We have been, and may from time to time become, involved in litigation, arbitration, legal disputes, claims or administrative proceedings arising in the ordinary course of business with our customers, suppliers, business partners, minority shareholders of our non-wholly owned subsidiaries, joint venture partners, employees, competitors, regulatory agencies, or other parties in respect of contractual, commercial, labor, intellectual property, or other matters. Such involvement can distract our management’s attention and consume our time and other resources. Furthermore, any litigation, arbitration, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate due to various factors, such as the facts and circumstances of the cases, the likelihood of winning or losing, the monetary amount at stake and the parties concerned, and such factors may result in these cases becoming of material importance to us.

Negative publicity arising from litigation, arbitration, legal disputes, claims or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us, we could be required to pay monetary damages, assume other liabilities, and suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to credit risk in relation to our trade and bills receivables.

As of December 31, 2022, 2023 and 2024, and June 30, 2025, we had trade and bills receivables of RMB360.9 million, RMB285.7 million, RMB500.6 million and RMB570.5 million, respectively. We are subject to credit risk in relation to our trade and bills receivables. We recognized impairment for trade and bills receivables of RMB28.2 million, RMB24.9 million, RMB26.3 million and RMB26.5 million as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. If any of our customers faces unexpected situations, such as financial difficulties or deterioration in creditworthiness, there may be challenges in collecting full or part of our receivables from them, and enforcing judgments against them could be difficult. Such unforeseen circumstances may also render our accounting judgments or estimations on impairment inaccurate, potentially resulting in higher losses than currently estimated. As a result of these factors, our profitability, working capital and cash flow may be adversely affected.

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We may incur impairment losses for intangible assets, which may adversely affect our results of operations.

Our intangible assets comprised primarily licensing and development cost. As of December 31, 2022, 2023 and 2024, and June 30, 2025, our intangible assets amounted to RMB145.5 million, RMB138.9 million, RMB236.8 million and RMB249.9 million, respectively. Intangible assets not ready for use are tested annually for impairment or more frequently if indicators of impairment exist. This requires an estimate of the recoverable amount, which is the higher of value in use and fair value less costs of disposal. The estimation is based on key assumptions such as the expected achievement of drug development milestones, the outcome of new drug development, estimated revenue to be generated from the drug under development, and the discount rate. If any of these assumptions do not materialize, or if the performance of our business is not consistent with our assumptions, we may need to record an impairment loss. We did not recognize any impairment on intangible assets as of December 31, 2022, 2023 and 2024, and June 30, 2025. However, any significant impairment losses charged against our intangible assets could have a material adverse effect on our financial condition and results of operations.

We have adopted equity incentive schemes and do not rule out the possibility of formulating additional equity incentive schemes in the future, which may increase expenses associated with share-based payments and have an adverse effect on our share price and financial performance.

Historically, we have adopted certain equity incentive schemes to recognize the contribution of certain eligible participants to the continued operation and development of our business, so as to retain and attract quality personnel. For more details on our historical equity incentive schemes, see “Statutory and General Information — D. 2024 Restricted Share Incentive Plan” in Appendix V. In 2022, 2023, 2024 and the six months ended June 30, 2025, our equity settled share-based payment expenses related to our share awards granted under the equity incentive schemes were RMB7.8 million, RMB7.7 million, RMB4.4 million and RMB6.7 million, respectively.

We believe the granting of equity incentives is of significant importance to our ability to attract and retain key personnel and employees. As a result, we may continue to grant share-based compensation to employees in the future, which may further increase our expenses associated with share-based payments, and in turn materially and adversely affect our business, financial condition, and results of operations.

If our preferential tax treatments and government grants become unavailable or otherwise change or terminate, it could adversely affect our profitability.

Historically, we have benefited from a number of preferential tax treatments and tax allowances. During the Track Record Period, the Company and its subsidiary Kexing Pharmaceutical were qualified as High and New Technology Enterprises (HNTEs) and are eligible for a preferential income tax rate of 15%, compared to the 25% income tax rate

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generally applicable to PRC resident enterprises under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT law”). In addition, during the Track Record Period, we also received additional deductible allowance for qualified R&D costs, which resulted in tax savings of RMB26.3 million, RMB48.6 million, RMB24.2 million and RMB11.6 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

The preferential tax treatments and tax allowances applicable to the Company and our subsidiaries may be changed, terminated, or otherwise become unavailable due to many factors, including changes in government policies or administrative decisions by relevant government authorities. Our post-tax profitability may be adversely affected as a result of one or more of these or other factors. For example, HNTE qualifications are subject to review by the relevant PRC tax authority every three years. There is no guarantee that we will be able to renew these qualifications. If we fail to do so, the affected subsidiaries and us will no longer enjoy the 15% preferential income tax rate, and will be subject to the 25% income tax rate, unless eligible for other preferential tax treatments.

Furthermore, we have historically received government grants in the form of subsidies received from the government. In 2022, 2023, 2024 and the six months ended June 30, 2025, our government grants were recognized as other income, which amounted to RMB4.9 million, RMB8.6 million, RMB25.5 million and RMB2.1 million, respectively.

Any change, suspension or discontinuation of these preferential tax treatment and government grants to us could adversely affect our financial condition, results of operations and cash flows.

The implementation of our strategies and other aspects of our business will require significant funding. If we do not have access to sufficient funding on terms acceptable to us, or at all, it could adversely affect our business prospects.

The implementation of many aspects of our strategies will require significant funding, including:

- the costs of drug development programs for the expansion of our portfolio in our key therapeutic areas;
- the expenses related to the introduction and commercialization of drugs;
- the expenses associated with expanding our sales and distribution network;
- the funding required to conduct localized operations overseas; and
- the capital expenditure required to increase our production capacity and to make upgrades and enhancements.

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In addition, many aspects of our general business operations have ongoing funding requirements that may increase over time. Over the longer term, we expect that the implementation of our strategy and business plans may require us to rely in part on external financing sources. However, our ability to obtain external financing on commercially reasonable terms will depend on a number of factors, many of which are beyond our control, including our financial condition, results of operations and cash flows, China’s and global economic condition, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. If we cannot obtain sufficient funding on commercially acceptable terms, or at all, to implement our strategies and business plans as currently contemplated, we could be required to revise our strategies and business plans, which could adversely affect our business prospects.

We may seek additional funding through a combination of equity and debt financing. To the extent that we raise additional capital through the issuance of equity or convertible debt securities, the beneficial ownership interest of existing Shareholders could be diluted. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as incurring additional debt, making capital expenditures, or declaring dividends.

Our insurance coverage is limited. If we experience uninsured losses, it could adversely affect our financial condition and results of operations.

Our insurance coverage is limited, and we do not carry insurance in respect of certain risks that we believe are not insured under customary industry practice in Chinese Mainland. For details of our insurance coverage, see “Business — Insurance.” We are not required under PRC laws and regulations to, and we do not, purchase any business interruption insurance, employer’s liability insurance or key person insurance, and we have limited product liability insurance.

Should an uninsured loss or a loss in excess of insured limits occur, we could suffer financial losses, lose all or a portion of our production capacity, as well as future revenue anticipated to be derived from the production activities conducted at that property. If we experience uninsured losses or losses in excess of our insurance coverage, it could adversely affect our financial condition and results of operations.

If our internal risk management and control system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

As of the Latest Practicable Date, we had a risk management and internal control system in place to monitor and control potential risk areas relevant to our business operations. In connection with the [REDACTED], we have examined our risk management and internal control system and made certain enhancements where appropriate. However, due to the

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inherent limitations in the design and implementation of our risk management and internal control system, it may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Further, despite our efforts to anticipate such issues, our risk management and internal control system could still fail to detect potential risks in our business as intended, or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations therefore could be materially and adversely affected.

Our risk management and internal controls also depend on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended, or such implementation will not be subject to human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected.

An occurrence of a natural disaster, widespread health epidemic or other events could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, Ebola, and Zika, or other events, including wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our business and operations.

These events could also significantly impact our industry and cause a temporary suspension or closure of the facilities we use for our R&D, production and operations, which would severely disrupt our product development and manufacturing processes and overall business operations. In addition, the commencement of new clinical trials for product candidates in our development pipeline could also be delayed or prevented by any delay or failure in subject recruitment or enrollment. Our commercialization plan for commercial-ready or near commercial-ready product candidates could also be disrupted. If we are not able to effectively and efficiently develop and commercialize our product candidates as planned, we may not be able to grow our business and generate revenue from sales of our product candidates as anticipated, and our business operations, financial condition and prospects may subsequently be materially and adversely affected. Furthermore, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the PRC and global economy in general.

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RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We are required to complete filing procedures with CSRC for the [REDACTED] and the [REDACTED] of our H Shares on the Hong Kong Stock Exchange, and we may be subject to regulatory requirements under new laws and regulations on overseas securities offering and listing issued by the PRC government authorities for our future offerings.

On July 6, 2021, the General Office of the State Council together with other authorities jointly promulgated the Opinion on Severely Punishing Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which calls for the enhanced administration and supervision of overseas-listed PRC-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC promulgated the 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》) (the “Overseas Listing Trial Measures”) and five supporting guidelines, which took effect on March 31, 2023. According to the Overseas Listing Trial Measures, we, as a PRC domestic company seeking to [REDACTED] and [REDACTED] securities in overseas markets, are required to file with the CSRC within three working days after submitting the [REDACTED] application documents to the overseas supervisory authorities. In addition, pursuant to the Overseas Listing Trial Measures, issuers are also required to submit subsequent reports to the CSRC on relevant information or material events, such as change of control or voluntary or forced delisting of the issuers who have completed overseas offerings and listings.

Given that the interpretation, application, and enforcement of the Overseas Listing Trial Measures are still evolving, we are closely monitoring how they will affect our operations and our future financing. In addition, we cannot guarantee that we will be able to complete all filing or report requirements in time or at all. Any failure to complete or delay in completing such filing or reporting procedures for our financing activities could subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on us, limit our ability to pay dividends outside of the PRC, limit our operating activities in the PRC, delay or restrict the repatriation of the net proceeds from the [REDACTED] or future capital raising activities into the PRC, or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our H Shares.

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Changes in the economic, political and other policies of the jurisdictions where we operate could have a material adverse effect on our business, financial condition and results of operations.

A substantial portion of our assets and operations are located in the PRC, and we also operate our business in several other jurisdictions. We have obtained authorization for marketing or achieved sales in over 70 countries and regions. As a result, our business, financial condition, results of operations and prospects are substantially affected by political, economic and legal developments both in the PRC and overseas markets where we operate or sell our products. Economic growth in these markets has been uneven.

Government authorities in China and other jurisdictions implement various measures to encourage economic growth. These measures may include differential policies towards specific groups of pharmaceutical companies, such as the promotion of traditional medicines or investments in competing pharmaceutical companies, which may have an adverse effect on us. In addition, the overall economic growth in jurisdictions where we operate is influenced by government regulations and policies related to capital investments, monetary policies, regulation of financial services and institutions, preferential treatment to particular industries or companies. Any changes in these regulations and policies could affect the business environment in the jurisdictions where we operate changes, thus impacting our business and its growth prospects.

Furthermore, any economic downturn could create an uncertain economic outlook in markets where we currently operate or may operate in the future, which may adversely affect our business, financial condition and results of operations. Changes in the political environment could also increase our costs, heighten our exposure to legal and business risks, disrupt our operations and affect our results of operations. For example, the global trade tension since 2025, particularly the tensions between China and the United States, could intensify and last for an extended period. As a result, the global trade patterns and economic growth in China, the United States, and globally could be materially and adversely affected, which could harm our business prospects and results of operations.

We are subject to laws and regulations in jurisdictions where we operate, and any failure to respond to future changes in the regulatory environment in these jurisdictions could have an adverse effect on our business, results of operations and financial condition.

We are subject to various laws and regulations in jurisdictions where we operate. For example, companies operating in the PRC have to participate in various employee benefit schemes required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit schemes may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest

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Practicable Date, we had not received any administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. However, there is no assurance that our historical and current practice with respect to the contribution of social insurance schemes and housing provident fund will at all times satisfy the government authorities in China mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in China, we may be exposed to penalties or be required to compensate employees.

In addition, we are subject to evolving laws and regulations governing the pharmaceutical industry in China and other markets where we operate. Laws and regulations that are recently enacted in our industry may not comprehensively cover all aspects of economic activities within pharmaceutical markets. In particular, the interpretation and enforcement of these laws and regulations may be subject to future implementations. We cannot predict the effect of future legislative developments in the PRC and other jurisdictions on the pharmaceutical industry, including the enactment of new laws, amendments to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws.

Changes to laws and regulations applicable to our industry could lead to new and unexpected challenges. The history of prior enforcement activity cannot be predictive of future enforcement actions. Therefore, our business operations are subject to increased uncertainties and risks. Any enforcement actions against us could have a material adverse effect on us. Any litigation or governmental investigation or enforcement proceedings may be protracted and may result in substantial cost, diversion of resources and management attention, negative publicity, and damage to reputation. As a result, our business, results of operations and financial condition may be adversely affected.

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

In our business operations, we or our business partners (such as clinical trial institutions and medical institutions) may need to collect and store non-personally identifiable data and information of clinical trial subjects. This requires us and our business partners to maintain effective control systems to protect such data and information, and comply with relevant data privacy and protection laws and regulations that apply to our data activities in the jurisdictions where we operate and conduct our clinical trials. For details, see “Business — Data Privacy and Protection” and “Regulatory Overview — Regulations on Information Security and Data Privacy”.

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In recent years, privacy and data protection has become an increasing regulatory focus of government authorities across the world. Particularly in China, where we operate substantially all our businesses, the PRC government has enacted a series of laws and regulations in respect of information security, data collection, privacy and protection, including the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Cybersecurity Review Measures (《網絡安全審查辦法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), and the Measures for the Security Assessment of Data Outbound Transfers (《數據出境安全評估辦法》). In addition, certain industry-specific laws and regulations affect the collection and transfer of data in China. The Regulations on the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》), or the HGR Regulation, was promulgated by the State Council in May 2019, which was last amended and became effective from May 1, 2024. In October 2020, the Standing Committee of the National People’s Congress (the “SCNPC”) promulgated the Biosecurity Law of the PRC (《中華人民共和國生物安全法》), which was last amended and became effective from April 26, 2024. The Biosecurity Law of the PRC 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. In addition, the Implementation Rules for the Regulations on the Administration of Human Genetic Resources (《人類遺傳資源管理條例實施細則》), or the HGR Regulation Implementation Rules, was promulgated in May 2023 and came into effect on July 1, 2023, which provide further detailed implementation regulations for the administration of human genetic resources in the PRC. Although we have made great efforts to comply with mandatory requirements of laws and government authorities in this regard, we cannot guarantee that we will be deemed at all times in full compliance with the HGR Regulation, the HGR Regulation Implementation Rules, the Biosecurity Law of the PRC and other applicable laws in our utilizing of and dealing with China’s human genetic resources. As a result, we may be exposed to compliance risks under the HGR Regulation and the Biosecurity Law of the PRC. For details of the HGR Regulation and the Biosecurity Law of the PRC, see “Regulatory Overview — Principal Regulatory Provisions — Laws and Regulations on Drugs — Gathering, Collection and Filing of Human Genetic Resources.”

Complying with all applicable laws, regulations, standards and obligations relating to data privacy, security, and transfers may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

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We are subject to restrictions on transferring our scientific data abroad.

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》), or the Scientific Data Measures, which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. To the extent our R&D of drug candidates are subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, if we are unable to obtain necessary approvals in a timely manner, or at all, our R&D of drug candidates may be hindered, which may materially and adversely affect our business, operations, financial conditions and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

On July 7, 2022, the Cyberspace Administration of China (the “CAC”) issued the Measures for the Security Assessment of Data Outbound Transfers (《數據出境安全評估辦法》), which took effect on September 1, 2022. The Measures for the Security Assessment of Data Outbound Transfers require that data processors who provide important data collected and generated during operations within the territory of the PRC or personal information that shall be subject to security assessment according to the relevant law to overseas recipients shall conduct security assessment. On March 22, 2024, the CAC issued the Regulations on Promoting and Regulating Cross Border Information Exchange (the “Promotion Regulations”), which came into effect on the same day. The Promotion Regulations indicate that in case of any conflict with the Measures for the Security Assessment of Cross-border Data Transfer, the Promotion Regulations shall prevail. The Promotion Regulations list a number of exemptions from the obligations of cross-border data transfer, including passing the security assessment of cross-border data transfer, entering into a standard contract for cross-border transfer of personal information or obtaining personal information protection certification. See “Regulatory Overview — Principal Regulatory Provisions — Regulations on Information Security and Data Privacy — Data security and data export” for more information. To the extent that any of our cross-border data transfers fall under the category of requiring a security assessment and fail to complete this assessment, we may not be able to carry out such transfers, which could adversely affect our ability to conduct out-licensing transactions or obtain overseas regulatory approvals and other aspects for our drugs in a timely manner, or at all.

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Laws and regulations over foreign currency conversion and on the remittance of funds into and out of the PRC may affect our utilization of our revenue and our ability to remit dividends.

Laws and regulations over foreign currency conversion and on the remittance of funds into and out of the PRC may affect our utilization of our revenue and our ability to remit dividends. The PRC government imposes laws and regulations on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of funds into and out of the PRC. Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, can be made in foreign currencies without prior approval of the SAFE by complying with certain procedural requirements and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to satisfy our foreign currency demands, and we may not be able to pay dividends in foreign currencies to the holders of our H Shares.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially and adversely affect our financial performance.

We generate part of our revenue from foreign jurisdictions and, consequently, are exposed to risks associated with foreign currency exchange fluctuations. Changes in the value of foreign currencies could increase our RMB costs for, or reduce our RMB revenues from, our foreign operations. Therefore, any fluctuations in the value of foreign currencies against RMB could materially and adversely affect our results of operations. In addition, the fluctuation of foreign exchange rates affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We recorded net foreign exchange gains of RMB6.9 million in 2022, RMB3.3 million in 2023, RMB0.7 million in 2024 and RMB8.0 million in the six months ended June 30, 2025. We cannot guarantee that future foreign exchange rate fluctuations will be favorable, and any adverse change would not have a material adverse impact on our financial condition and results of operations.

In addition, we may need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Our proceeds from the [REDACTED] will be denominated in Hong Kong dollars. The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies is based on rates set by the PBOC, which is affected by, among other things, changes in global and geographical political and economic conditions, foreign exchange policy adopted by the PRC government, supply and demand in the monetary markets, and economic and political developments domestically and internationally. It is difficult for us to predict how external factors in respect of markets or policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our net proceeds from the [REDACTED]. In addition, the value of Renminbi is subject to regulation by the PBOC in the foreign exchange market to limit

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fluctuations in Renminbi exchange rates. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in a foreign currency. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these global and geographical political and economic factors may adversely affect the value of and any dividends payable on, our H Shares in Hong Kong dollars.

Dividends received by foreign holders of our H Shares and gains derived from the disposition of our H Shares by such holders may be subject to PRC taxation.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to taxes with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not effectively connected to such establishments or premises, are subject to the enterprise income tax of the PRC at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, unless a treaty or similar arrangement provides otherwise. Taxes may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, non-PRC resident individuals are generally subject to PRC individual income tax with respect to PRC-sourced income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments.

Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011] 348號) dated June 28, 2011, issued by the State Taxation Administration of the PRC (the “STA”), domestic nonforeign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC resident individual holders of H Shares whose name appear on the register of member of H Shares may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if we know the identity of the individual shareholder and the tax rate applicable thereto.

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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 HKSCC Nominees). 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 verification by PRC tax authorities.

Pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the STA and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident individuals, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with PRC may not qualify for benefits under such tax treaties or arrangements.

You may have limited resources in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC against us or our Directors and senior management members named in this document based on Hong Kong or other foreign laws.

Substantially all of our business operations are conducted in the PRC. In addition, a substantial majority of our Directors and senior management members reside in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons residing in the PRC or to enforce against us or them in PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside China may be difficult or even impossible.

RISK FACTORS

On July 14, 2006, the Supreme People’s Court of the PRC and the Government of the Hong Kong Special Administrative Region (HKSAR) entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “Arrangement”). Under the Arrangement, where any designated people’s court of the Mainland or any designated court of the HKSAR has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of agreement in writing, any party concerned may apply under the Arrangement to a people’s court of the Mainland or a court of the HKSAR for recognition and enforcement of the judgment. A choice of agreement in writing means any agreement in writing form made, after the effective date of the Arrangement, by the parties concerned in which a court of the HKSAR or a court of the Mainland is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment made by a Hong Kong court in the PRC if the parties to a dispute did not agree to enter into a choice of agreement in writing. In addition, the Arrangement has expressly provided for “enforceable final judgment”, “particular legal relationship” and “in written form”. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets, Directors or senior management members in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

On January 18, 2019, the Supreme People’s Court of the PRC and the Government of HKSAR entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “New Arrangement”). The New Arrangement will broaden the scope of judgments that may be enforced between the Mainland and Hong Kong under the Arrangement. Whereas, under the Arrangement, the parties are required to agree in writing to the selection of a jurisdiction so that the chosen jurisdiction has exclusive jurisdiction over a matter, the New Arrangement provides that the original court may exercise jurisdiction without the consent of the parties, subject to certain provisions. The New Arrangement will replace the Arrangement when the former becomes effective. The New Arrangement became effective on January 29, 2024 both in the Mainland and in Hong Kong. However, the Arrangement remains applicable to a choice of agreement in writing within the meaning of the Arrangement that was made before the effective date of the New Arrangement. Under the New Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial matters subject to the conditions set forth in the New Arrangement. Although the New Arrangement has been signed, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a PRC court.

RISK FACTORS

We are subject to risks relating to some of the properties we use.

Under PRC laws and regulations, lease agreements in general are required to be registered with local housing authorities. As of the Latest Practicable Date, the lease registration for our leased properties in China had not been completed. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed timeframe after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority.

RISKS RELATED TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of the PRC and Hong Kong.

As our A Shares are listed on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available. Accordingly, we may incur additional costs and resources in continuously complying with all applicable listing rules and other regulatory regimes in the two jurisdictions.

Our A Shares are listed on the Shanghai Stock Exchange. The characteristics of the A Share and H Share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange, and our H Shares will be traded on the Stock Exchange. Under the current PRC laws and regulations, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. The H Share and A Share markets have different trading characteristics, each have different trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable, and the historical prices of our A Shares may not be indicative of the prices of our H Shares. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, vice versa. Therefore, you should not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

RISK FACTORS

There has been no prior public market for our H Shares, and their liquidity and market price may be volatile, which could lead to substantial losses for investors.

Prior to the completion of the [REDACTED], there has been no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [REDACTED]. The [REDACTED] for our H Shares to the public will be the result of negotiations between us and the Sole Overall Coordinator (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the market price of our H Shares following the completion of the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to deal in, our H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the market price of our H Shares will not decline following the [REDACTED].

Furthermore, the price and trading volume of our H Shares may be volatile. The following factors, among others, may affect the volume and price at which our H Shares will trade:

- variations in our revenue, earnings and cash flow;
- announcement of new investments, business collaborations, strategic alliances or acquisitions;
- any unexpected business interruptions resulting from epidemics, natural disasters or power shortages;
- any major changes in our Directors, senior management or other key personnel;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete with our competitors effectively;
- political, economic, financial and social developments; or
- fluctuations in market prices for our products or raw materials.

Moreover, shares of other companies listed on the Stock Exchange with operations and assets in China have experienced significant price volatility in the past. It is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, investors in our H Shares may suffer substantial losses.

RISK FACTORS

Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future.

Substantial future sales or the expectation of substantial sale of our Shares in the public market following the [REDACTED] could materially and adversely affect the price of our H Shares. Future sales of a significant number of our Shares by our Controlling Shareholders or other existing shareholders in the public market after the [REDACTED], or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through [REDACTED] of our Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by it or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors or otherwise. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the market price of the H Shares. Sale or issuance of a substantial number of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the H Shares.

In addition, while investors subscribing shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they subscribed (except as disclosed in “Cornerstone Investors”), they may have existing arrangements or agreement to dispose 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 sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material adverse effect on the market price of our H Shares and could cause substantial volatility in the trading volume of our H Shares.

Depending on the [REDACTED], if the [REDACTED] of our H Shares is higher than our consolidated net tangible asset per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if we issue additional H Shares in the future to raise additional capital.

RISK FACTORS

Our Controlling Shareholders have substantial influence over the Company, and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), our Controlling Shareholders will be collectively entitled to control the exercise of [REDACTED]% voting rights at general meetings of our Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their H Shares as part of a sale of the Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interest of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their 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 our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will declare and pay dividends in the future.

Although we have declared dividends in the past, we cannot make any assurance that dividends of any amount will be declared or distributed by us in any period in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at the shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. For further details of our dividend policy, see “Financial Information — Dividend Policy.” No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of the PRC, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans

RISK FACTORS

denominated in foreign currencies. If the foreign exchange regulations affect our ability to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that could affect the remittance of Renminbi into or out of China.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in the PRC, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to invest in our H Shares, should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

Certain facts, forecasts and other statistics in this document are derived from various publicly available sources, which have not been independently verified and may not be reliable.

Certain facts, forecasts and other statistics in this document are derived from various publicly available sources, including government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from government and official sources has not been independently verified by us, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

RISK FACTORS

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,” “believe,” “could,” “predict,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and the negative of these terms as well as similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that 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. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

We may be subject to press and media coverage prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the [REDACTED]. The press and media may include certain financial information, industry comparisons, profit forecasts and other information about us that does not appear in this document.

You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your investment decision regarding the H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding ourselves or the [REDACTED].

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, reports or publications. Accordingly, prospective investors should not rely on any such information, reports or publications in making their investment decisions regarding the [REDACTED].

In making their decisions as to whether to invest in our H Shares, prospective investors should only rely on the financial, operational and other information included in this document, the [REDACTED] and any formal announcements made by us in Hong Kong. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong.

WAIVERS AND EXEMPTION

In preparation of 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

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This will normally mean that at least two of our executive directors must be ordinarily resident in Hong Kong.

Since our principal business and operations are substantially located, managed and conducted in the PRC through our PRC subsidiaries, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for our Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence 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. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Ms. Wang Xiaoqin (“**Ms. Wang**”), our executive Director, and Ms. Wan Wing Yi Carol (“**Ms. Wan**”), one of our joint company secretaries. Ms. Wang confirms that she possesses valid travel documents and can readily travel to Hong Kong and Ms. Wan is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;
- (b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;
- (c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

WAIVERS AND EXEMPTION

- (d) each of our Directors has provided his/her respective contact details, including office phone numbers, mobile phone numbers, email addresses and addresses, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;
- (e) our Company has appointed Somerley Capital Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the [REDACTED] of our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and
- (f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, our Company must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing “relevant experience,” the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

WAIVERS AND EXEMPTION

- (c) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Ms. Wang as one of our joint company secretaries. Ms. Wang joined our Group in December 2018 and is the secretary of our Board. She is primarily responsible for overseeing the financial management, company secretarial and corporate governance matters of our Group. Although our Company believes, having regard to Ms. Wang’s past experience in handling corporate matters, that she has a thorough understanding of our Company and the Board, Ms. Wang does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. Wan, who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Ms. Wang in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [REDACTED]. For the biographies of our joint company secretaries, see “Directors and Senior Management — Joint Company Secretaries.” Over such three-year period, we will implement measures to assist Ms. Wang to satisfy the requisite qualifications as prescribed in Rule 3.28 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 8.17 and 3.28 of the Listing Rules in relation to Ms. Wang’s appointment as joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

- (a) Ms. Wang must be assisted by Ms. Wan, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and
- (b) the waiver is valid for a period of three years from the [REDACTED] and will be revoked immediately if and when Ms. Wan ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Ms. Wang will gain experience with the assistance of Ms. Wan. Before the end of the initial three-year period, we will evaluate the then experience of Ms. Wang in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Ms. Wang, having had the benefit of Ms. Wan’s assistance for three years, would then have acquired the “relevant experience” within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

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WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

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[REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality

Executive Directors

Mr. Deng Xueqin (鄧學勤)	30D, Building E, Swan Castle No. 2 Fragrant Hill Middle Street Nanshan District, Shenzhen Guangdong PRC	Chinese

Mr. Zhao Yanqing (趙彥輕)	1503, Unit 3, Building 2 Wanfeng Coastal City Park No. 61, Fengshan 3rd Road Wanfeng Community Xinqiao Street Bao'an District, Shenzhen Guangdong PRC	Chinese

Ms. Cui Ning (崔寧)	Room 401, Unit 3, Building 11 No. 238 Shanda Road Lixia District, Jinan Shandong PRC	Chinese

Ms. Wang Xiaoqin (王小琴)	F-306, Building 1, Dingtai Fenghua No. 1085, Qianhai Road Nanshan District, Shenzhen Guangdong PRC	Chinese

Non-Executive Director

Mr. Huang Kaikun (黃凱昆)	9E Longtao Ge No. 37 Xingnan Road Nanshan District, Shenzhen Guangdong PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Residential address	Nationality
Independent Non-Executive Directors		
Mr. He Ruyi (何如意)	Room 1402, Unit 2, Building 9 Chunfeng JinShali, Qiantang District, Hangzhou Zhejiang PRC	American
Mr. Fong Chun Fai (方俊輝)	Flat A, 6/F, Tower 5, One Beacon Hill 1 Beacon Hill Road Kowloon Tong, Kowloon Hong Kong	Chinese (Hong Kong)
Mr. Zhang Hanbin (張漢斌)	13BC, Unit 2, Building 7, Peninsula City-state Garden Phase II No. 2, Jinshiji Road, Shekou Nanshan District, Shenzhen Guangdong PRC	Chinese

Further information about our Directors are set out in “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

**China Securities (International)
Corporate Finance Company Limited**
18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Sole Sponsor-Overall Coordinator and Sole Overall Coordinator

**China Securities (International)
Corporate Finance Company Limited**
18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws
Pillsbury Winthrop Shaw Pittman LLP
Suite 1704, 17/F, Alexandra House
18 Chater Road
Central
Hong Kong

As to PRC law
Jia Yuan Law Offices
45F, Media Finance Center
Pengcheng 1st Road
Futian District, Shenzhen
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisors to the Sole Sponsor and
the [REDACTED]**

As to Hong Kong and U.S. laws
Haiwen & Partners LLP
Suites 1101-1104
11/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law
Beijing Deheng Law Offices
12/F, Tower B, Focus Place
No. 19 Finance Street
Beijing
PRC

Auditor and Reporting Accountants

Grant Thornton Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai
Branch Co.**
2504, Wheelock Square
No. 1717, Nanjing West Road
Jingan District, Shanghai
PRC

Property Valuer

**Jones Lang LaSalle Corporate Appraisal
and Advisory Limited**
7/F, One Taikoo Place
979 King’s Road
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office and Head Office	No. 2666 Chuangye Road Bucun Street Zhangqiu District, Jinan Shandong PRC
Principal Places of Business in the PRC	No. 2666 Chuangye Road Bucun Street Zhangqiu District, Jinan Shandong PRC 19th Floor, Building B Chuangyi Technology Building Intersection of Hi-tech Middle 1st Road and Science and Technology Middle 1st Road Nanshan District, Shenzhen Guangdong PRC
Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen’s Road East Wanchai Hong Kong
Company’s Website	<u>www.kexing.com</u> <i>(The information on the website does not form part of this document)</i>
Joint Company Secretaries	Ms. Wang Xiaoqin (王小琴) F-306, Building 1, Dingtai Fenghua No. 1085, Qianhai Road Nanshan District, Shenzhen Guangdong PRC Ms. Wan Wing Yi Carol (温詠宜) ACG (CS, CGP); HKACG (CS, CGP) 40th Floor, Dah Sing Financial Centre No. 248 Queen’s Road East Wanchai Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Ms. Wang Xiaoqin (王小琴)
F-306, Building 1, Dingtai Fenghua
No. 1085, Qianhai Road
Nanshan District, Shenzhen
Guangdong
PRC

Ms. Wan Wing Yi Carol (溫詠宜)
40th Floor, Dah Sing Financial Centre
No. 248 Queen’s Road East
Wanchai
Hong Kong

Audit Committee

Mr. Zhang Hanbin (張漢斌) (*Chairman*)
Mr. Fong Chun Fai (方俊輝)
Mr. Huang Kaikun (黃凱昆)

Remuneration and Appraisal Committee

Mr. He Ruyi (何如意) (*Chairman*)
Mr. Zhang Hanbin (張漢斌)
Mr. Zhao Yanqing (趙彥輕)

Nomination Committee

Mr. Zhang Hanbin (張漢斌) (*Chairman*)
Mr. Fong Chun Fai (方俊輝)
Ms. Wang Xiaoqin (王小琴)

Strategy Committee

Mr. He Ruyi (何如意) (*Chairman*)
Mr. Fong Chun Fai (方俊輝)
Mr. Zhao Yanqing (趙彥輕)
Ms. Cui Ning (崔寧)

[REDACTED]

Compliance Advisor

Somerley Capital Limited
20th Floor, China Building
29 Queen’s Road
Central
Hong Kong

CORPORATE INFORMATION

Principal Banks

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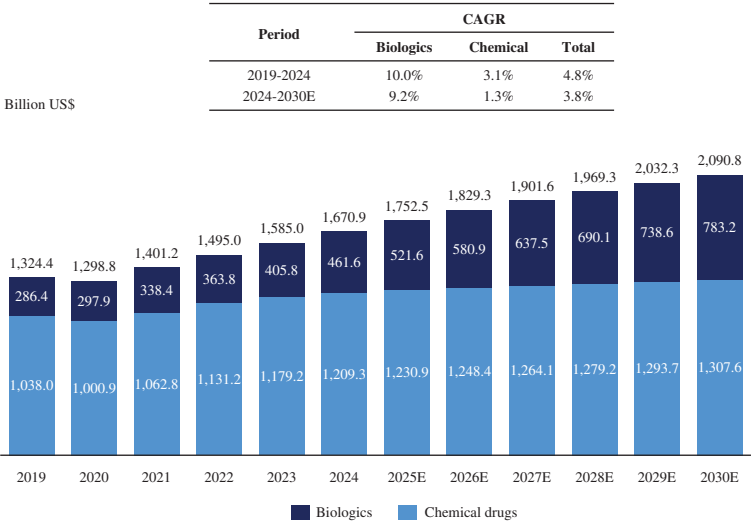
INDUSTRY OVERVIEW

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OVERVIEW OF GLOBAL AND CHINA’S PHARMACEUTICAL MARKET

The pharmaceutical market is primarily comprised of chemical drugs and biologics. Biologics can be further segmented into recombinant protein drugs, antibody drugs, nucleic acid drugs, and others. Fueled by increasing prevalence of various chronic diseases, surging demand for better treatment options, coupled with rising R&D expenditure and investment, the global pharmaceutical market has grown from US\$1,324.4 billion in 2019 to US\$1,670.9 billion in 2024, and is forecasted to reach US\$2,090.8 billion in 2030 at a CAGR of 3.8%.

Global Pharmaceutical Market, 2019-2030E

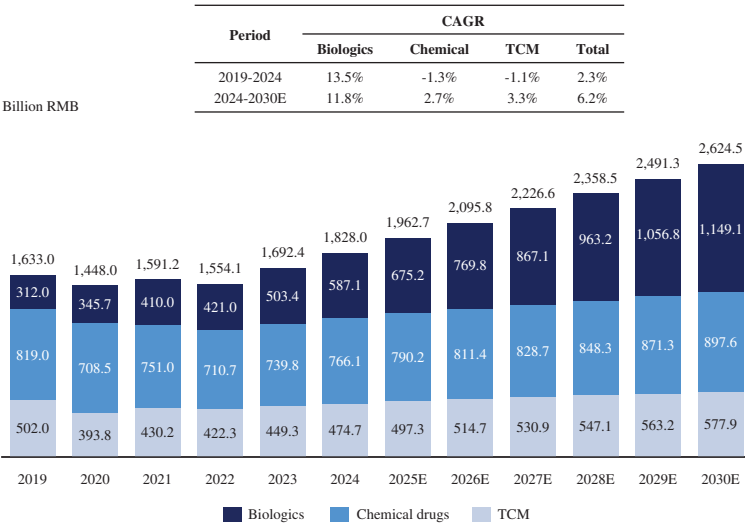


Source: Frost & Sullivan analysis

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The pharmaceutical market in China has also exhibited an upward trajectory. Driven by substantial unmet treatment needs, remarkable advancement in innovative drugs, as well as the enhanced competitiveness of domestic companies, the pharmaceutical market in China increased from RMB1,633.0 billion in 2019 to RMB1,828.0 billion in 2024. By 2030, the pharmaceutical market in China is expected to generate a revenue of RMB2,624.5 billion.

Pharmaceutical Market in China, 2019-2030E



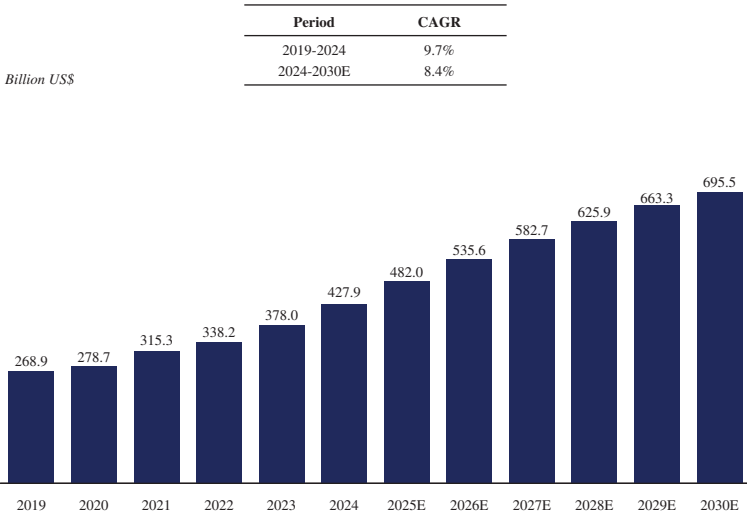
Source: Frost & Sullivan analysis

Overview of the Original Biologics Market

Original biologics that are first developed and brought to market are also referred to as innovative biologics. With the intensification of population aging and the growing awareness of public health, the global demand for innovative drugs has been on a steady rise. Fuelled by surging clinical needs, countries around the globe have consistently ramped up investment in the pharmaceutical sector, promoting new drug innovation, and expediting the development process of innovative biologics, resulting in a higher number of clinical trials and original biologic approval. In 2024, the global original biologics market reached US\$427.9 billion. The market size is expected to reach US\$695.5 billion in 2030 with a CAGR of 8.4% from 2024 to 2030.

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Global Market of Original Biologics, 2019-2030E



Source: Expert interview, Frost & Sullivan Analysis

In recent years, the Chinese government has introduced a series of favourable policies to encourage the development, market entry, and commercialization of innovative biologics. Driven by favourable policies, increasing R&D investment, and significant development in biotechnology, the market size of original biologics in China is expanding rapidly in recent years. In 2024, the original biologics market in China reached RMB541.8 billion. The market size is expected to reach RMB1,017.0 billion in 2030 with a CAGR of 11.1% from 2024 to 2030.

Overview of the Biosimilar Drugs Market

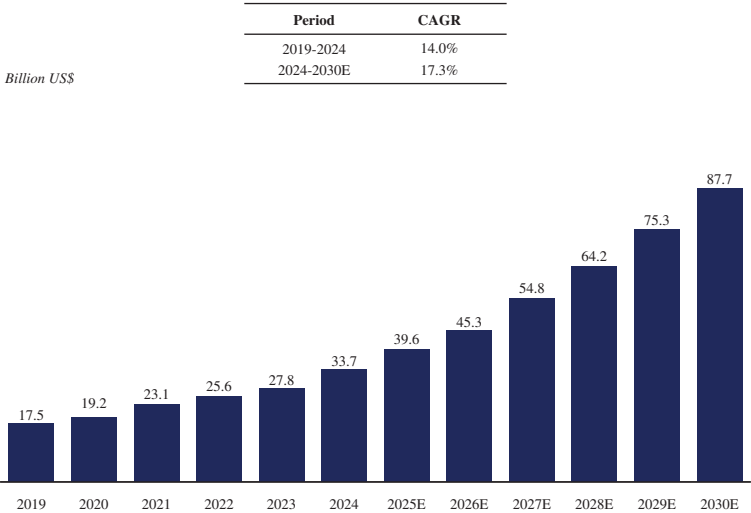
Biosimilars refer to therapeutic biological products that demonstrate a high degree of similarity in quality, safety and efficacy to another already approved biological drug. Biosimilars predominantly comprise large-molecule biological products such as proteins, peptides, and monoclonal antibodies. Biosimilars are authorised based on studies comparing them to their reference medicine.

Globally, biosimilars are expected to play a key role in lowering healthcare costs and providing increased patient access to biological therapies. Given this, and in line with the European Union and World Health Organization, many emerging nations have adapted and established biosimilar regulatory guidelines. The increasing demand for biosimilars in emerging markets, such as Asia and Latin America, presents a significant growth opportunity for pharmaceutical companies with biosimilar drugs. The global market size of biosimilar drugs has grown from US\$17.5 billion in 2019 to US\$33.7 billion in 2024, with a CAGR of 14.0%.

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Driven by the expiration of core patents for original biologics, increasing penetration rate of biologics, favorable regulatory developments across major economies such as the United States, Europe and China, the global biosimilar drugs market is expected to reach US\$87.7 billion by 2030, with a CAGR of 17.3%.

Global Market of Biosimilar Drugs, 2019-2030E



Source: Expert interview, Frost & Sullivan Analysis

Growth Drivers of Global and China’s Biologic Drugs Market

Significant Unmet Medical Needs. The large population of patients and the limitations of existing treatment options form the vast medical demand. Malignant cancers and chronic diseases, such as immunological diseases, obesity and overweight, have imposed a heavy burden on public health. For instance, oncology is one of the leading causes of morbidity and mortality worldwide. The global incidence of cancer reached 21.3 million in 2024, highlighting an urgent need among patients for more efficient treatment options. Growing demand for long-term disease management is fuelling efforts in developing effective, reliable, and safe treatment methods.

The Advancement of Biologic Drugs. Biologics are designed with specific effects, less side effects and toxicity, leading to better efficacy and safety in treatment and greater importance in the pharmaceutical market. The effectiveness of biologics has led to an increase of investment in R&D within the pharmaceutical companies, leading to the continuous emergence of novel therapeutic targets, mechanisms of action, and drug delivery approaches. These innovations have not only enhanced therapeutic efficacy and safety profiles but also expanded indications, effectively addressing previously unmet clinical needs.

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Global Expansion of Chinese Biotech Companies. In recent years, Chinese biotech companies have witnessed a continuous increase in both the transaction value and the number of license-out deals, accompanied by sustained growth in revenue. With the ongoing enhancement of innovation capabilities among Chinese pharmaceutical enterprises, global recognition of drugs self-developed by domestic pharmaceutical companies has been steadily rising. Companies with competitive advantages in innovation can participate in global competition by offering high-quality biologics with superior clinical efficacy, continuously expanding the market share in the global biologics market.

GLOBAL PHARMACEUTICAL MARKET BY SELECTED THERAPEUTIC AREA

Oncology drugs, autoimmune diseases drugs and metabolic disease drugs represent three substantial segments of the overall global pharmaceutical market with significant growth potential among all therapeutic areas. The Group focuses on the R&D and commercialisation of drugs in comprehensive therapeutic areas with significant unmet medical needs and growth potential. These mainly include: (i) oncology, (ii) metabolic diseases, and (iii) autoimmune diseases.

Global Pharmaceutical Market by Selected Drug Market

	Market size			CAGR	
	billion US\$				
	2019	2024	2030	2019-2024	2024-2030E
Oncology	143.5	253.3	419.8	12.0%	8.8%
Metabolic Diseases	106.3	145.4	209.6	6.5%	6.3%
Autoimmune Diseases	116.9	138.9	176.7	3.5%	4.1%
<i>Total market size of selected therapeutic areas covered (billion USD)</i>	366.7	537.6	806.1	8.0%	7.0%
<i>Percent of total market (%)</i>	27.7%	32.2%	38.6%		

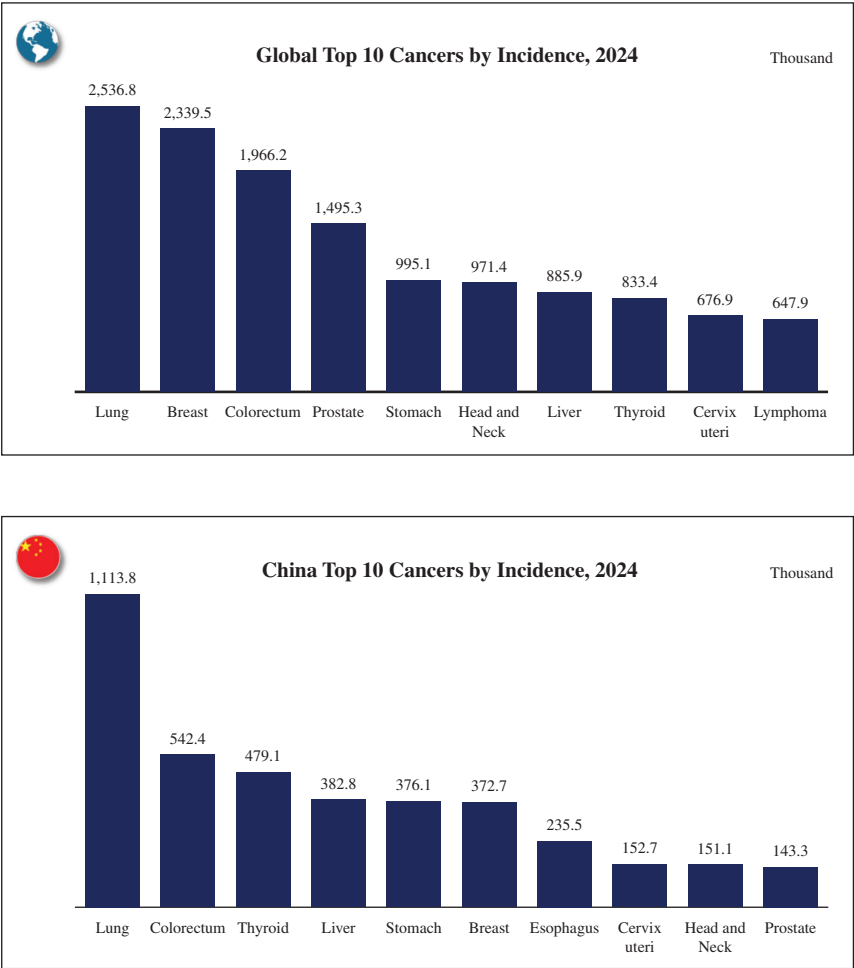
Source: Frost & Sullivan analysis

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OVERVIEW OF ONCOLOGY DRUGS MARKET

Cancer ranks among the leading causes of death globally, claiming approximately 10 million lives worldwide each year. Both global and Chinese cancer incidence rates show an upward trend. In 2024, the global cancer incidence reached 21.3 million cases. By 2030, global incidence is projected to reach 24.5 million cases. In 2024, China recorded 5.0 million new cancer cases and is forecasted to reach 5.5 million by 2030.

Top 10 Cancers by Incidence Globally and in China



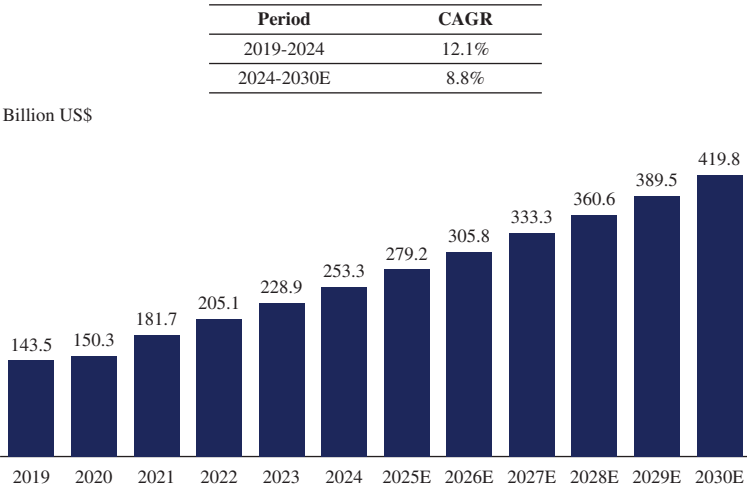
Source: GLOBOCAN, ACS, NCCR, Frost & Sullivan analysis

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Cancer treatment is shifting from traditional surgery, radiotherapy and chemotherapy to targeted therapy and immunotherapy, which offer superior efficacy and safety. Targeted therapies are expanding into novel molecular pathways, while immunotherapies provide durable responses across multiple cancer types. ADCs, novel-target/mutant-specific antibodies and multi-functional antibodies, with precise targeting and strong anti-tumor effects, have become as core directions for next-generation drug development.

The global oncology drugs market reached US\$253.3 billion in 2024 and is expected to grow to US\$419.8 billion by 2030, representing a CAGR of 8.8% from 2024 to 2030. In China, the oncology drugs market reached US\$36.4 billion in 2024 and is projected to increase to US\$76.2 billion by 2030, representing a CAGR of 13.1% over the same period.

Global Market of Oncology Drugs, 2019-2030E



Source: Frost & Sullivan analysis

Growth Drivers and Future Trends of Oncology Drugs Market

- **Increasing addressable patient population.** The increasing incidence rate combined with improving healthcare access and affordability, and the growing demand for effective cancer treatments will fundamentally drive the continued growth of oncology drugs market. Emerging markets such as Africa, the Middle East, Southeast Asia, and Latin America also have surging demand for anti-tumor drugs.
- **Emergence of new target drugs.** The development of new target-based drugs continues to advance, covering more aspects of tumor initiation and progression. Beyond traditional targets, new targets related to the tumor microenvironment, immune evasion, and drug resistance mechanisms are constantly being explored, enabling more precise treatment.

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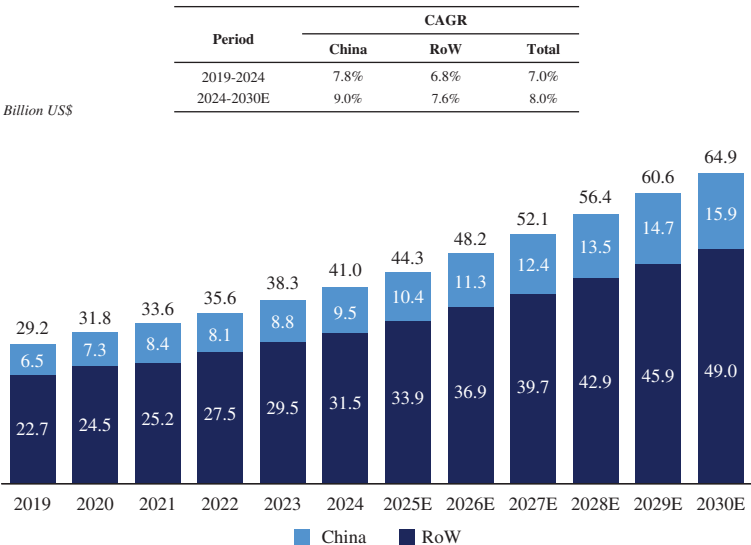
- **Promotion of tumor supportive therapy.** Tumor supportive therapy alleviates symptoms caused by tumors and treatments, improves patients’ nutritional and psychological status, and ensures the smooth implementation of antitumor treatments. As clinical emphasis on patients’ quality of life increases, its importance in cancer treatment has become increasingly prominent. In the future, it will gradually integrate into the entire diagnostic and therapeutic process, with broader implementation across all levels of medical institutions and in home care settings.

Overview of Breast Cancer Drugs Market

Breast cancer is the most common cancer in women, and the incidence increases year by year. Breast cancer mostly occurs in women aged over 50. The global incidence of breast cancer was 2,432.5 thousand in 2024, with a CAGR of 2.7% from 2019 to 2024. The global incidence of breast cancer is estimated to reach 2,628.5 thousand in 2030, with a CAGR of 1.3%. The incidence of breast cancer in China was 372.7 thousand in 2024, with a CAGR of 2.4% from 2019 to 2024. The incidence of breast cancer in China is estimated to reach 397.2 thousand in 2030, with a CAGR of 1.1%.

The global breast cancer drug market size grew rapidly from US\$29.2 billion in 2019 to US\$41.0 billion in 2024 at a CAGR of 7.0% and is projected to reach US\$64.9 billion in 2030 at a CAGR of 8.0% from 2024 to 2030. The breast cancer drug market in China grew from US\$6.5 billion in 2019 to US\$9.5 billion in 2024 at a CAGR of 7.8%, and is expected to increase to US\$15.9 billion in 2030, representing a CAGR of 9.0% from 2024 to 2030.

Global and China’s Market of Breast Cancer Drugs, 2019-2030E

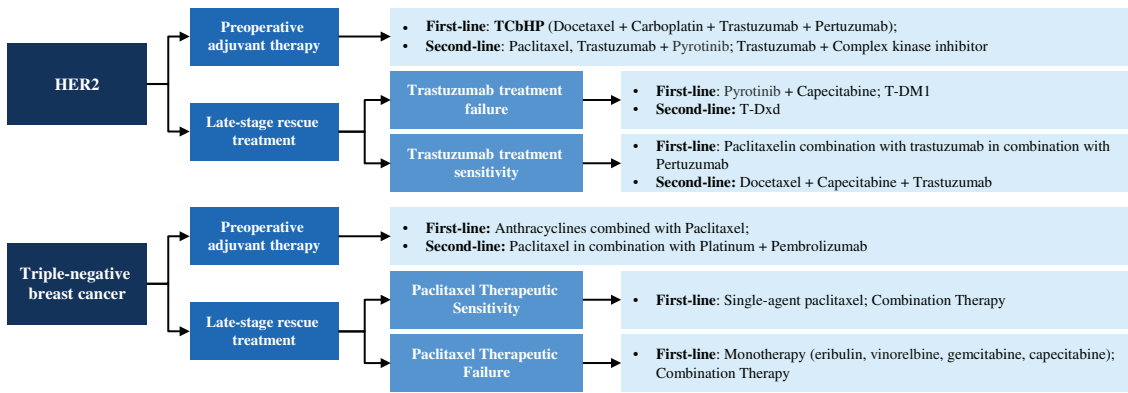


Source: Frost & Sullivan analysis

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Multiple treatment options exist for breast cancer patients, with six standard approaches currently employed: surgical treatment, radiation therapy, chemotherapy, hormone therapy, targeted therapy, and immunotherapy. The following outlines the diagnostic and treatment pathway for breast cancer:

Treatment Paradigm of Breast Cancer



Source: CSCO guidelines, Frost & Sullivan analysis

Overview of Albumin-Bound Paclitaxel Drugs

Taxanes are among the most commonly used drugs in the treatment of breast cancer. As a next-generation taxane, albumin-bound paclitaxel offers the advantages of significant therapeutic efficacy, convenient administration, and favorable safety profile.

Albumin-bound paclitaxel represents a novel taxane-based antineoplastic agent. It is formulated as a nanoparticle preparation achieved through the conjugation of paclitaxel with human serum albumin via a specialized process. Conventional paclitaxel formulations require co-solvents such as polyoxymethylene castor oil, which may induce severe allergic reactions and other adverse effects. Albumin-bound paclitaxel employs human serum albumin as a carrier, encapsulating paclitaxel into nanoscale particles. This not only enhances paclitaxel's water solubility but also improves its *in vivo* distribution characteristics and safety profile, reducing the risk of adverse reactions associated with co-solvents. Albumin-bound paclitaxel is typically formulated for injection, with intravenous infusion being the standard clinical administration route. Physicians determine appropriate dosage parameters and infusion duration based on individual patient conditions and tolerance.

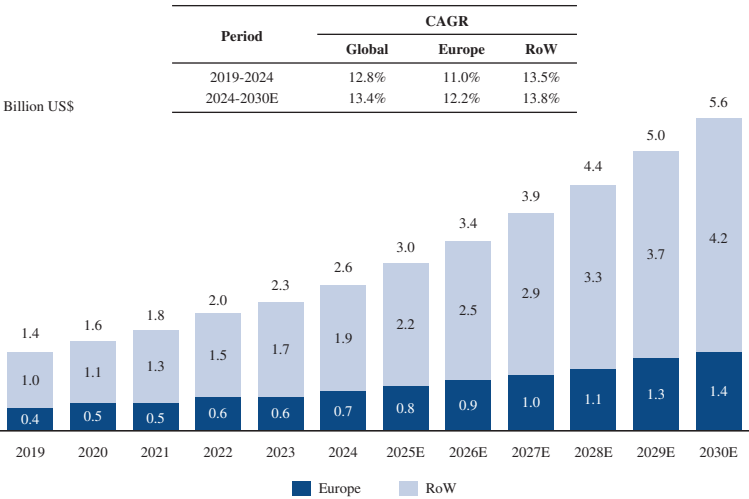
Global Albumin-Bound Paclitaxel Drugs Market

From 2019 to 2024, the global albumin-bound paclitaxel drug market grew from US\$1.4 billion to US\$2.6 billion. The market is projected to grow at a CAGR of 13.4%, reaching US\$5.6 billion by 2030.

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In 2024, the albumin-bound paclitaxel drug market in Europe reached US\$0.7 billion, accounting for 27.0% of the overall market. It is projected that by 2030, the albumin-bound paclitaxel drug market in Europe will grow to US\$1.4 billion, with a CAGR of 12.2% from 2024 to 2030.

Global Market of Albumin-Bound Paclitaxel Drugs, 2019-2030E



Source: Expert interview, Frost & Sullivan Analysis

Overview of China’s Albumin-Bound Paclitaxel Drug Export Market

The export market for albumin-bound paclitaxel in China has gradually expanded in recent years, driven by the rapid development of the domestic biopharmaceutical industry and the growing global demand for albumin-bound paclitaxel. As an important drug for various types of cancer, including breast cancer, non-small cell lung cancer (NSCLC) and pancreatic cancer, albumin-bound paclitaxel has gained widespread international recognition due to its favorable efficacy and safety profile.

Currently, albumin-bound paclitaxel drugs in China are primarily exported to regions such as Europe and the Americas. In recent years, with the successive expiration of patents on the original branded albumin-bound paclitaxel drugs in these regions, there has been a strong demand for affordable and clinically effective anti-cancer therapeutics. With the advancement of Chinese pharmaceutical companies’ internationalization strategies, the increasing number of overseas regulatory registrations and certifications, and the continuous improvement in product quality, the export market for China’s albumin-bound paclitaxel is expected to achieve steady growth and assume a more significant role in the global anti-cancer drug supply chain. Compared with developed countries such as the United States and Japan, the penetration rate of albumin-bound paclitaxel is relatively lower in European countries. According to announcements from the European Medicines Agency (EMA), since 2023, multiple EU countries have experienced shortages of albumin-bound paclitaxel. Supply disruptions have

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occurred due to production issues affecting both the original drug from BMS and the mainstream generic drug from TEVA, creating substantial market opportunities for the export of China’s albumin-bound paclitaxel.

In 2024, the market size of China’s albumin-bound paclitaxel drug export market reached RMB493.1 million. As of the Latest Practicable Date, three pharmaceutical companies in China had exported albumin-bound paclitaxel. The Group’s albumin-bound paclitaxel injection (Apexelsin[®]) was approved by European Commission in July 2024. In terms of exported volume of China’s albumin-bound paclitaxel drugs, the Group’s albumin-bound paclitaxel injection accounted for 24.6% of the overall market in 2024 and 47.7% of the overall market in the first half of 2025. With the product’s market authorization and launch in EU, the market share of the group is expected to increase rapidly in the future.

Competitive Landscape of China’s Albumin-Bound Paclitaxel Drug Export Market

Ranking	Company	Market Share in 2024 (%)	Market Share in the first half of 2025 (%)
1	Company A ¹	75.4%	48.9%
2	The Group	24.6%	47.7%
3	Company B ²	NA	3.4%

* Based on exported volume of China’s albumin-bound paclitaxel drugs in 2024 and the first half of 2025

Source: Expert interview, Frost & Sullivan Analysis

1 Company A is founded in 1970 and headquartered in Jiangsu. It is a pharmaceutical company engaged in the research, development, manufacturing, and commercialization of medicines. The company was listed on the Shanghai Stock Exchange in 2000 and on the HKEX in 2025.

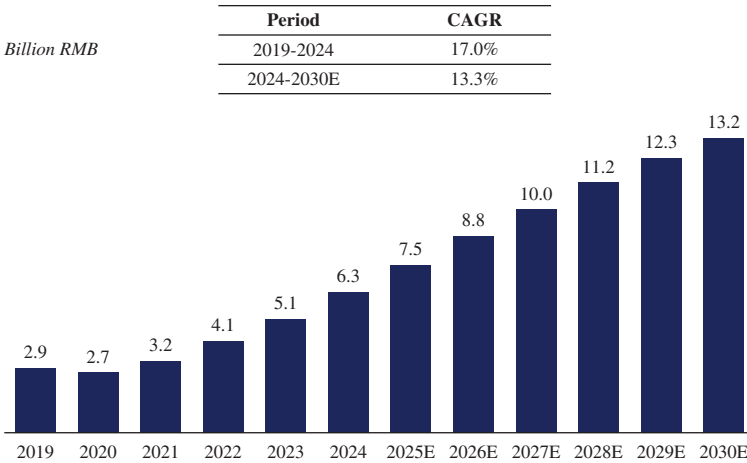
2 Company B is founded in 2000 and headquartered in Hainan. It is an enterprise primarily engaged in the research, development, production, and sales of chemically synthesized polypeptide drugs. The company was listed on the Shenzhen Stock Exchange in 2012.

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Overview of Cancer Cachexia-Related Drugs Market in China

Approximately 60%-80% of cancer patients develop cachexia, with around 20% of cancer patients dying directly from cachexia and its complications rather than the tumour itself. Current clinical management in China primarily involves nutritional support, hormone therapy (such as medroxyprogesterone acetate) and symptomatic treatment, but these approaches have limited efficacy and cannot reverse disease progression. Current primary treatment modalities for cancer cachexia encompass nutritional support therapy, pharmacological interventions (primarily progestogens), physical therapy, and comprehensive rehabilitation programmes. In China, the cancer cachexia-related drugs market is expected to grow from RMB2.9 billion in 2019 to RMB6.3 billion in 2024, representing a CAGR of 17.0% from 2019 to 2024. It is projected to reach RMB13.2 billion by 2030, with a CAGR of 13.3% during the period.

Market of Cancer Cachexia-Related Drugs in China, 2019-2030E



Source: Frost & Sullivan analysis

The future trends and growth drivers of cancer cachexia-related drug market:

- **Rising Cancer Prevalence:** The global increase in cancer patients, coupled with cachexia as a common complication affecting a substantial patient population, fuels market demand growth.
- **Enhanced Awareness:** Deepening understanding among healthcare professionals and patients regarding cancer cachexia, alongside heightened emphasis on its treatment and management, propels market development.
- **Research and Development Advances:** Deepening understanding of the molecular mechanisms underlying cancer cachexia has spurred progress in developing innovative therapies, such as targeted treatments, creating new growth opportunities for the market.

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As of the Latest Practicable Date, there were six cancer cachexia related drug pipelines in China, with one in Phase II clinical stage and five in Phase I clinical stage. The following table lists cancer cachexia related drug pipelines in China:

Competitive landscape of cancer cachexia related drug pipelines in China

Target	Drug code	Enterprise	Clinical stage	Latest update date
GDF15	Ponsegromab	Pfizer	Phase II	2025-03-28
GDF15	GB18	<i>The Group</i>	Phase I	2025-10-11
GHSR	STC008	Chengdu Sintanovo Biotechnology	Phase I	2025-09-28
–	DS010	Dartsbio Pharmaceuticals	Phase I	2025-05-27
GDF15, IL6	GFS202A	GenFleet Therapeutics	Phase I	2025-09-11
GFRAL	JMT203	Shanghai Jinmante Biotechnology	Phase I	2024-06-18

Source: CDE, Frost & Sullivan analysis

Overview of G-CSF Market in China

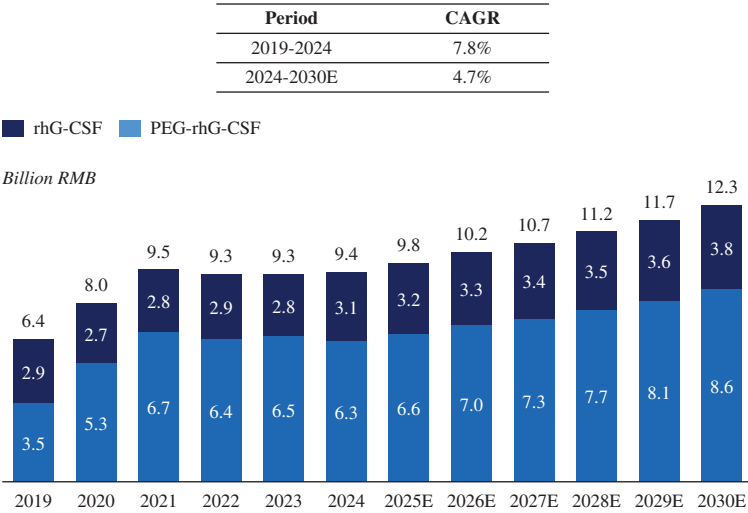
Neutropenia is a common hematological adverse effect and a major dose-limiting toxicity in chemotherapy and radiotherapy. It significantly reduces the body’s ability to fight infections by decreasing neutrophil levels. Neutropenia often leads to various infections and complications, such as fever, swallowing pain, skin abscesses, and digestive tract infections. If not managed effectively and promptly, neutropenia can cause delays in cancer treatment and necessitate dose reductions.

Additionally, it is employed during procedures such as bone marrow transplantation and peripheral blood stem cell transplantation to promote haematopoietic stem cell engraftment and facilitate neutrophil recovery. Recombinant human granulocyte colony-stimulating factor (rhG-CSF) is the first-line drug recommended by clinical guidelines for treating chemotherapy- or radiotherapy-induced neutropenia, available in both short-acting and long-acting formulations.

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The market size of G-CSF in China grew from RMB6.4 billion in 2019 to RMB9.4 billion in 2024, with a CAGR of 7.8%. Among this, the market size of rhG-CSF in China grew from RMB2.9 billion in 2019 to RMB3.1 billion in 2024. Driven by the continuously growing demand for tumor treatment, the market size of G-CSF in China is projected to reach RMB12.3 billion by 2030, growing at a CAGR of 4.7%, while the market size of rhG-CSF is expected to reach RMB3.8 billion.

Market of G-CSF drugs in China, 2019-2030E



Source: Frost & Sullivan analysis

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Competitive Landscape of rhG-CSF market in China

As of the Latest Practicable Date, there were 21 rhG-CSF drugs approved by NMPA. The following table set forth detailed information of the top six competitors in the rhG-CSF market in China. In 2024, in terms of sales revenue, the Group’s rhG-CSF drug WHITE-C (白特喜®) accounted for a market share of 5.2% in China’s rhG-CSF market.

Competitive Landscape of rhG-CSF market in China: Approved by NMPA

Ranking	Company	Indication	Market Share in 2024 by Revenue (%)
1	Company C ³	Neutropenia	36.6%
2	Company D ⁴	Neutropenia	14.9%
3	Company E ⁵	Neutropenia	7.6%
4	Company F ⁶	Neutropenia	6.3%
5	Company G ⁷	Neutropenia	5.6%
6	The Group	Neutropenia	5.2%
	Others		23.8%

Source: NMPA, Expert interview, Frost & Sullivan Analysis

- 3 Company C is founded in 1958 and headquartered in Shandong. It is a large-scale pharmaceutical company engaged in the R&D, production, and commercialization of high-quality innovative and generic drugs.
- 4 Company D is founded in 2006 and headquartered in Hongkong. It is a comprehensive full-industry-chain biopharmaceutical company.
- 5 Company E is founded in 1996 and headquartered in Xiamen. It is a biopharmaceutical company specializing in the R&D of recombinant protein therapeutics. The company was listed in Shanghai Stock Exchange in 2020.
- 6 Company F is founded in 1993 and headquartered in Hangzhou. It is a biopharma company developing recombinant proteins, peptides and specialty drugs for orthopedics, oncology and endocrinology. The company was listed in Hong Kong Stock Exchange in 2024.
- 7 Company G is founded in 1925 and headquartered in Tokyo. It is an innovative biopharmaceutical, with core focus on oncology and immunology therapies. The company was listed in Tokyo Stock Exchange, and owned by Roche Group.

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OVERVIEW OF AUTOIMMUNE DISEASE MARKET IN CHINA

Autoimmune diseases are a group of disorders caused by abnormal activation of the immune system, which mistakenly attacks the body’s own tissues, leading to local or systemic inflammatory responses and tissue damage. According to the American Autoimmune Related Diseases Association (AARDA), there are currently over 100 known autoimmune diseases, including Systemic Lupus Erythematosus (SLE), Inflammatory Bowel Disease (IBD), Atopic Dermatitis (AD), and other common conditions.

Main Treatment Methods for Autoimmune Diseases

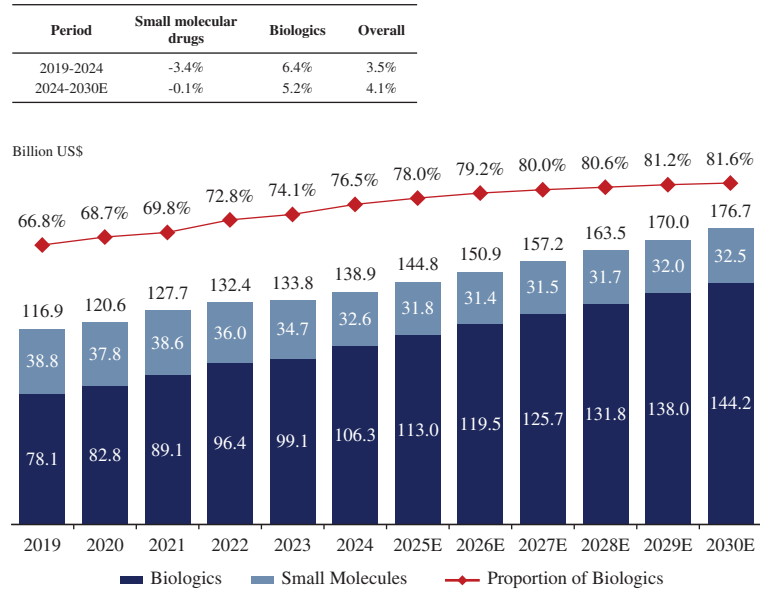
Autoimmune diseases are disorders in which the immune system erroneously targets the body’s own tissues, resulting in localized or systemic damage, often accompanied by inflammation. According to the American Autoimmune Related Diseases Association (AARDA), more than 100 distinct autoimmune diseases have been identified. The treatment of autoimmune diseases generally follows a stepwise approach, initiating with first-line, standard therapies — such as DMARDs and NSAIDs — that are associated with manageable adverse effects. These agents are typically preferred as initial options for the majority of patients. When first-line therapies prove ineffective or show no response, second-line treatments may be considered. These include biologic therapies and targeted small molecule agents.

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Global Market of Autoimmune Disease Drugs, 2019-2030E

Global autoimmune diseases drugs market increased from US\$116.9 billion in 2019 to US\$138.9 billion in 2024 with a CAGR of 3.5%. It is expected to reach US\$176.7 billion in 2030. Biologics accounted for approximately 76.5% of global autoimmune diseases drugs market in 2024. Targeted biologics has already replaced chemical drugs as the major treatment of autoimmune diseases. This sector is forecasted to account for approximately 81.6% of global autoimmune diseases drugs market in 2030.

Global Market of Autoimmune Disease Drugs, 2019-2030E



Source: Frost & Sullivan analysis

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Given the large patient pool in China, and the development and advancement of innovative therapies, the autoimmune disease drugs market in China increased from US\$2.4 billion to US\$5.1 billion in 2024, representing a CAGR of 16.8%. It is expected to increase to US\$19.0 billion in 2030 with a CAGR of 24.5%. The biologics sector has developed rapidly after 2017 because the boom of innovative biologics R&D. The market share of biologics increased from 22.7% in 2019 to 48.1% in 2024, and is forecasted to reach 65.6% in 2030.

Growth Drivers and Future Trends of Autoimmune Disease Drug Market

- ***Active BD Deals in Autoimmune Drug Market.*** Driven by the growing market demand for autoimmune disease drugs as well as large unmet medical needs, business development (BD) transactions in the global autoimmune disease sector have surged, emerging as a major focal point within the pharmaceutical industry. Through BD arrangements such as licensing, collaborative development, and mergers and acquisitions, pharmaceutical companies are pooling resources and leveraging complementary strengths to accelerate the R&D, and commercialisation of autoimmune disease drugs. In recent years, BD transactions in this field have become increasingly frequent. For example, the TL1A track has seen multiple transactions including Merck’s US\$10.8 billion acquisition of Prometheus and Roche’s US\$7.25 billion acquisition of Telavant. In addition, Johnson & Johnson acquired Yellow Jersey Therapeutics with US\$1.25 billion for its bispecific antibody pipeline of IL-4R and IL-31. The BD transactions not only accelerate the R&D and market launch of innovative autoimmune drugs but also facilitate optimized global resource allocation. Especially in the context of increasingly frequent cross-border collaborations, pharmaceutical companies from emerging markets such as China are becoming key players in global licensing deals, further enriching the global R&D landscape for autoimmune therapies.
- ***Development of bispecific antibodies have become the key driver of autoimmune disease drug market.*** Novel technologies such as bispecific antibodies demonstrate broad application prospects in treating autoimmune diseases, emerging as a key driver behind the surge of global autoimmune disease drug market. Capable of simultaneously binding two distinct antigenic epitopes, bispecific antibodies significantly enhance drug targeting and efficacy, exhibiting greater therapeutic precision and reduced off-target risks compared to traditional monoclonal antibodies. Multinational pharmaceutical giants including Johnson & Johnson, Sanofi, and Roche have collectively invested in the R&D of the autoimmune bispecific antibodies in recent years.
- ***Growing clinical needs, increasing patient numbers, and heightened awareness of treatment.*** Globally, the prevalence of autoimmune diseases continues to rise. As many autoimmune patients often require long-term or even lifelong medication to manage their conditions, it creates a substantial demand for better autoimmune disease treatments within the market. Furthermore, existing therapeutic options present numerous challenges. Certain targeted therapies for specific autoimmune diseases can act more precisely on pathogenic targets, enhancing therapeutic efficacy while reducing side effects. The emergence of these innovative drugs will address the increasing treatment needs in the future, enhancing the patients’ treatment experience and quality of life.

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Major Indications

Inflammatory Bowel Disease

Inflammatory Bowel Disease (IBD), the full name for IBD enteritis, is not a single disease but a group of chronic, recurrent inflammatory intestinal disorders. It primarily comprises two major types: Ulcerative Colitis (UC) and Crohn’s Disease (CD). Its core characteristics are persistent inflammation of the intestinal mucosa or the entire intestinal wall, with a long disease course and high recurrence rate, significantly impacting patients’ quality of life.

The global prevalence of IBD patients grew from 42.8 million in 2019 to 52.1 million in 2024, and is projected to reach 59.8 million by 2030. The number of IBD patients in China increased from 638.1 thousand in 2019 to 938.5 thousand in 2024. With imbalance of intestinal microecology and improvement in medical diagnostic standards, the number of IBD patients is projected to reach 1,360.8 thousand by 2030. The IBD drug market in China reached US\$1.1 billion in 2022 and is expected to increase to US\$5.5 billion in 2030.

Treatment of UC/CD usually involves either drug therapy or surgery. Several types of medications may be used to treat UC/CD, including anti-inflammatory drugs, glucocorticoids, immunosuppressants and biologic drugs. Anti-inflammatory drugs mainly include aminosalicic acids (5-ASA), which can reduce inflammation but studies have shown that they are not effective at inducing remission in active CD or preventing relapse in inactive CD. While patients can initially respond to glucocorticoid therapy, a large portion of them develop a dependency on glucocorticoids or have a relapse within one year. In addition, use of glucocorticoids is often limited by a relatively high risk of serious adverse effects. Immunosuppressants may also trigger profound side effects such as short-term and long-term toxicities due to their non-specific, anti-proliferative or anti-metabolic features. Biologics have been recommended as a main treatment option for UC/CD by prevailing clinical guidelines. The TL1A/LIGHT bispecific antibody, through dual-target synergistic blockade of Th1/Th17 inflammation, fibrosis inhibition, barrier repair, and immune regulation, offers advantages in IBD treatment including rapid inflammation control, delayed structural damage and disease progression, and reduced systemic side effects. It demonstrates potential in targeting the limitations of existing therapeutic approaches by effectively inhibiting intestinal fibrosis and sustaining prolonged clinical remission.

The current main drugs for treating IBD include TNF- α inhibitors (i.e., humira), integrin α 4/ β 7 inhibitors (i.e., vedolizumab), and IL-12/IL-23 inhibitors (i.e., ustekinumab). Among them, Humira achieved global sales of US\$9.0 billion in 2024. Vedolizumab achieved global sales of US\$6.0 billion in 2024. Ustekinumab achieved global sales of US\$10.4 billion in 2024.

INDUSTRY OVERVIEW

Atopic Dermatitis

Atopic dermatitis (AD) is a chronic, recurrent, pruritic, immune-mediated inflammatory skin disease. It is a common condition within the spectrum of atopic diseases (such as asthma, allergic rhinitis).

The global prevalence of AD patients grew from 649.0 million in 2019 to 698.5 million in 2024, and is projected to reach 755.3 million by 2030. The number of AD patients in China increased from 65.7 million in 2019 to 72.4 million in 2024. With environmental factors and lifestyle changes, the number of AD patients projected to reach 78.5 million by 2030. The AD drug market in China reached US\$1.0 billion in 2022 and is forecasted to increase to US\$7.1 billion in 2030.

Topical corticosteroids and calcineurin inhibitors are the first line of treatment for AD. However, overuse of these drugs may cause side effects, including thinning skin or impaired immune system. In recent years, biologic drugs with better safety and efficacy profiles have become an emerging treatment for both moderate and severe AD. They could be used as a standalone treatment or in combination with other existing treatments such as phototherapy. Systematic application of biologics may be recommended if a patient has an inadequate response or intolerance to existing topical treatments or phototherapy. Currently, the main biologics for treating AD include dupilumab and spesolimab, among which dupilumab achieved global annual sales of US\$14.1 billion in 2024. IL-4R/IL-31R α targeted therapy demonstrates significant advantages in controlling inflammation, repairing the skin barrier, relieving pruritus, and maintaining long-term efficacy through precise blockade of the core pathogenic pathway, while ensuring safety and improving patients' quality of life.

Systemic Lupus Erythematosus

Systemic lupus erythematosus (SLE) is an autoimmune disease with a very high incidence and mortality rate, and it is the most common type of lupus. It causes widespread inflammation and tissue damage in affected organs.

The global prevalence of SLE patients grew from 7.7 million in 2019 to 8.1 million in 2024, and is projected to reach 8.6 million by 2030. In China, the number of SLE patients increased from 1,027.0 thousand in 2019 to 1,063.0 thousand in 2024, and it is projected to reach 1,095.0 thousand by 2030.

In recent years, the number of BD deals in the global autoimmune therapy sector has surged, driven by the vast market potential arising from the large patient population and the long-term treatment demands of autoimmune diseases, as well as breakthroughs such as multi-target combinations, long-acting formulations, and oral delivery which address the limitations of existing therapies. Meanwhile, domestic innovators are participating the global R&D race in next-generation autoimmune blockbusters, such as bispecific antibodies, with their cutting-edge targets and pipeline value reassessments fueling active strategic layouts and licensing enthusiasm.

INDUSTRY OVERVIEW

BD Transactions of Autoimmune Disease Drug

Date	Transferor	Transferee	Acquisition Drug Target	Clinical Stage	Down payment	Total Amount	Subject/ Project Introduction
2023/04	Prometheus Biosciences	Merck	TL1A	Phase III	-	US\$10.8 Billion	Prometheus Biosciences licensed its anti-TL1A IBD drug PRA023 to Merck in a deal worth US\$10.8 billion
2023/12	Telavant	Roche	TL1A	Phase II	US\$7.1 Billion	US\$7.25 Billion	Roche Enters Into a Definitive Agreement to Acquire Telavant Including Rights to Novel TL1A Directed Antibody (RVT-3101) for the Treatment of Inflammatory Bowel Disease From Roivant
2024/04	Qyuns Therapeutics	Hanson Pharma	IL-23p19	Phase III	US\$10.56 Million	US\$25.09 Million	Hansoh gains exclusive rights to develop, produce and commercialize QX004N, an anti-IL-23p19 monoclonal antibody for psoriasis and Crohn's, across Mainland China, Hong Kong, Macau and Taiwan
2024/05	Yellow Jersey Therapeutics	Johnson & Johnson	IL-31, IL-4Rα	Phase II	-	US\$1.25 Billion	Acquire Yellow Jersey Therapeutics, whose core pipeline is an IL-4R/IL-31 bispecific antibody for treating atopic dermatitis, currently preparing to enter Phase II clinical trials
2024/06	FutureGen	AbbVie	TL1A	Phase I	US\$150 Million	US\$1.71 Billion	FutureGen and AbbVie Announce Licensing Agreement to Develop Next-Generation Inflammatory Bowel Disease Therapies
2024/11	Biosion	Aclaris Therapeutics	IL-4Rα, TSLP	Preclinical	US\$40 Million	US\$940 Million	BioSci Announces Global Exclusive Licensing Agreement with Aclaris Therapeutics to Acquire Two Potential First-in-Class/ Best-in-Class Immuno-Pharmaceutical Assets
2025/04	Earendil Labs	Sanofi	TL1A, IL-23p19 Integrin α4β7, TL1A	Preclinical	US\$125 Million	US\$1.85 Billion	Earendil Labs Announces Worldwide Exclusive License Agreement with Sanofi for Next-Generation Bispecific Antibodies for Autoimmune and Inflammatory Bowel Diseases

Source: Frost & Sullivan Analysis

Overview of IL4R/IL31Rα Dual Antibody

The IL-4R/IL-31Rα bispecific antibody is a type of dual-targeting biologic drug that simultaneously binds to interleukin-4 receptor (IL-4R) and interleukin-31 receptor alpha (IL-31Rα). By synergistically blocking these two key inflammatory and pruritic signaling pathways, it is used to treat chronic inflammatory skin diseases such as atopic dermatitis (AD). The IL-4R/IL-31Rα bispecific antibody may offer more comprehensive and durable efficacy than traditional monoclonal antibodies by simultaneously targeting multiple pathogenic pathways, particularly in treating complex immune-mediated skin conditions such as atopic dermatitis. Its extended half-life and reduced dosing frequency are also expected to enhance patient treatment compliance.

INDUSTRY OVERVIEW

Competitive Landscape of IL4R/IL31R α Dual Antibody

As of the Latest Practicable Date, two IL-4R/IL-31R α dual antibody drug had entered the clinical stage globally, which is BBT001 developed by Bambusa Therapeutics and JNJ-95475939 developed by Johnson & Johnson.

Drug Code	Company	Target	Indications	Clinical Stage	Last Updated date
BBT001	Bambusa Therapeutics	IL-4R, IL-31R α	Atopic dermatitis	Phase I	2025-09-25
JNJ-95475939	Johnson & Johnson	IL-4R, IL-31R α	Atopic dermatitis	Phase II	2025-10-10

Source: Clinical trial.gov, Frost & Sullivan analysis

As of the Latest Practicable Date, there was one IL4R/IL31R α dual antibody drug entering into clinical stage in China.

Drug Code	Company	Target	Indications	Clinical Stage	Last Updated date
BBT001	Bambusa Therapeutics	IL-4R, IL-31R α	Atopic dermatitis	Phase I	2025-07-25

Source: CDE, Frost & Sullivan analysis

Overview of TL1A Antibody and TL1A/LIGHT Antibody

TL1A antibody drugs precisely target the TL1A/DR3 pathway to suppress Th1/Th17 immune responses, regulate effector T cell survival, and alleviate intestinal fibrosis, thereby directly addressing the core pathological mechanisms of IBD (inflammation, barrier damage, fibrosis). clinical studies and early trials have demonstrated their potential efficacy in patients resistant to conventional therapies, marking a significant breakthrough in IBD treatment. These drugs may emerge as a key component in future combination therapies.

TL1A (TNF-like Ligand 1A) and LIGHT (Homologous to Lymphotoxins, Exhibits Inducible Expression, and Competes with HSV Glycoprotein D for HVEM, a Receptor Expressed by T Lymphocytes) are both members of the tumor necrosis factor superfamily (TNFSF). They activate downstream immune signaling pathways by binding to specific receptors and play a key pathological role in autoimmune diseases such as inflammatory bowel disease (IBD) and rheumatoid arthritis (RA). GB24 is a novel TL1A/LIGHT bispecific antibody with dual anti-inflammatory and anti-fibrotic mechanisms.

INDUSTRY OVERVIEW

Competitive Landscape of TL1A/LIGHT Antibody

As of the Latest Practicable Date, there were two TL1A Bi-specific antibody drug entering into clinical stage globally. The Group’s novel TL1A/LIGHT bispecific antibody GB24 is in the preclinical stage, which has dual anti-inflammatory and anti-fibrotic mechanisms. As of the Latest Practicable Date, there were no TL1A/LIGHT bispecific antibody drug entering into the clinical stage globally as well as in China.

Global Competitive Landscape of TL1A Bi-specific antibody

Drug Code/Drug Name	Company	Target	Indications	Clinical Stage	Last Updated date
RO7837195	Genentech, Inc.	TL1A, IL12 p40	Ulcerative Colitis	Phase II	2025-10-07
PF-07261271	Pfizer	TL1A, IL12 p40	IBD	Phase I	2025-03-24

Overview of Infliximab

Infliximab is an anti-tumor necrosis factor alpha (TNF- α) monoclonal antibody, mainly used for the treatment of various autoimmune diseases, including rheumatoid arthritis, ankylosing spondylitis, psoriasis, and others. The pathogenesis of autoimmune diseases is associated with the overactivation of inflammatory factors in the body. Among these, TNF- α is a key pro-inflammatory factor that triggers persistent inflammatory responses and causes tissue damage. Infliximab can specifically bind to TNF- α in the body, preventing it from binding to cell surface receptors. Thereby, it inhibits the transmission of inflammatory signals and alleviates tissue inflammation and damage.

INDUSTRY OVERVIEW

Competitive Landscape of Infliximab

As of the Latest Practicable Date, there were five Infliximab drug approved by NMPA. The following table lists the approved Infliximab drugs in China:

Competitive Landscape of Infliximab in China

Brand Name	Generic Name	Enterprise	Indications	First approval time	Market share in 2024 (by revenue)
Remicade	Infliximab	Janssen Biotech	Rheumatoid arthritis, Crohn's disease, ulcerative colitis, ankylosing spondylitis, psoriasis	2006-05-17	85.3%
Reminton	Infliximab-CMAB008	Taizhou Mabtech Pharmaceutical/ <i>The Group</i>	Rheumatoid arthritis, Crohn's disease, ulcerative colitis, ankylosing spondylitis, psoriasis	2021-07-12	10.6%
Anbaite	Infliximab-HS626	Hisun Biopharmaceutical	Rheumatoid arthritis, Crohn's disease, ulcerative colitis, ankylosing spondylitis, psoriasis	2021-09-24	4.1%
Jiayoujian	Infliximab-GB242	Yuxi Genor Biotechnology	Rheumatoid arthritis, Crohn's disease, ulcerative colitis, ankylosing spondylitis, psoriasis	2022-02-23	0.0%
Remsima	Infliximab-CT-PI3	Celltrion	Rheumatoid arthritis	2023-06-30	0.0%

Source: NMPA, F&S analysis

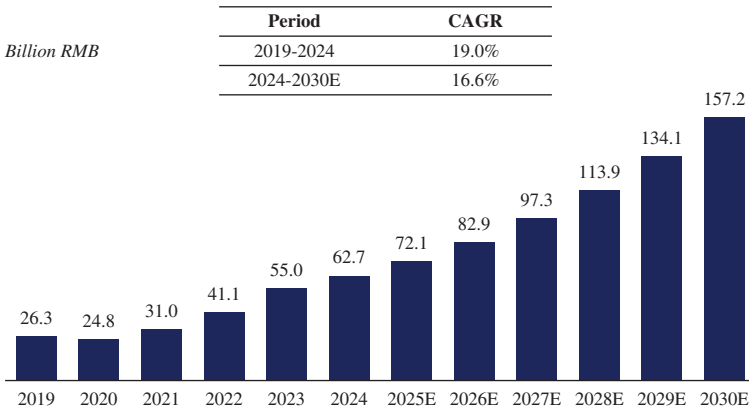
OVERVIEW OF ANTIVIRAL DRUG MARKET IN CHINA

Based on the stage of infection, viral infections can be categorized into chronic, acute, and latent viral infections. Chronic viral infections are characterized by the virus persisting in the body after the initial infection, which leads to chronic or recurrent diseases. Acute viral infections are marked by a sudden or rapid onset; they are usually resolved quickly by a strong immune response mounted by the host, though they can also result in the host’s death. Latent viral infections refer to cases where the virus persists in the body in a dormant (latent) state without producing additional viruses. Typically, latent infections do not cause obvious symptoms and can last for a long time until the virus is reactivated and triggers symptoms.

Antiviral drugs are a class of medications used to treat viral infections. Instead of simply destroying target viruses, they mainly inhibit the growth of these viruses by targeting various stages of the viral life cycle. The China’s antiviral drugs market size expanded from RMB26.3 billion in 2019 to RMB62.7 billion in 2024, achieving a CAGR of 19.0%. The market size is projected to further increase to RMB157.2 billion by 2030.

INDUSTRY OVERVIEW

China Antiviral Drugs Market Size, 2019-2030E



Source: F&S analysis

Due to the high prevalence of various viral diseases domestically, such as hepatitis B, hepatitis C, influenza, and herpes-related conditions, patient demand for long-term medication continues to grow.

Overview of Respiratory Syncytial Virus

Respiratory syncytial virus (RSV) ranks among the most prevalent viruses causing acute respiratory infections in infants and young children. Research by the World Health Organization indicates that RSV infections account for over 60% of respiratory illnesses in children. In 2024, approximately 33.7 million children under five worldwide experienced acute lower respiratory infections due to RSV. Currently, no specific antiviral drugs for RSV treatment have been approved globally, with clinical management primarily focused on symptom relief and supportive care.

GB05, developed by the Group, is a human interferon α -1b nebulized inhalation solution. Administered via nebulization, its active ingredient can directly reach the lesion site for faster onset of action; compared with injection, it spares pediatric patients from injection pain, offering higher tolerability and safety. Currently, GB05 has been designated as a breakthrough therapy and is expected to become the first antiviral drug for the treatment of RSV infection.

INDUSTRY OVERVIEW

As of the Latest Practicable Date, there were two recombinant interferon α -1b drug pipelines for RSV infection in China, which are both in the Phase III clinical stage. The following table lists recombinant human interferon α -1b drug pipelines for RSV infection in China:

Competitive Landscape of Recombinant Human Interferon α -1b drug pipelines for RSV infection in China

Drug code	Enterprise	Indications	Clinical stage	Latest update date
GB-05 (Interferon α -1b inhalation solution)	<i>The Group</i>	RSV Infection	Phase III	2024-04-02
Human Interferon α -1b for Injection	Beijing Tri-Prime Gene Pharmaceutical	RSV Infection	Phase III	2023-05-18

Source: CDE, F&S analysis

Overview of Human Interferon α

Human interferon- α , as a broad-spectrum antiviral agent, stands as one of the critical antiviral drugs in clinical treatment. Recombinant human interferons are classified into subtypes α -1b, α -2a, and α -2b. Recombinant human interferon α -1b is a naturally occurring cytokine in the human body, exhibiting dual functions of broad-spectrum antiviral activity and immunomodulation.

The recombinant human interferon α market size in China reached RMB3.1 billion in 2024, with a CAGR of 4.5% from 2019 to 2024. The recombinant human interferon α market size in China is expected to further reach RMB4.6 billion in 2030, representing a CAGR of 6.7% from 2024 to 2030.

INDUSTRY OVERVIEW

As of the Latest Practicable Date, 3 recombinant human interferon α -1b drugs had been approved by NMPA. In 2024, in terms of sales revenue, recombinant human interferon α -1b of the group accounted for 55.2% of the market share in China’s recombinant human interferon α -1b market, and had ranked the first in terms of market share for six consecutive years. The following table lists recombinant human interferon α -1b drugs approved by NMPA:

Competitive Landscape of Recombinant Human Interferon α -1b in China

Brand Name	Generic Name	Enterprise	Indications	First approval time	Market share in 2024 (by revenue)
SINOGEN	Human Interferon α -1b for Injection	<i>The Group</i>	HCV Infection, Viral Hemorrhagic Fever, Viral Infection, Pulmonary Inflammation, Melanoma, CA, Lymphoma, HCL, VZV Infection, HBV Infection, Tumor, CML	1989	55.2%
Hapgen	Human Interferon α -1b for Injection	Beijing Tri-Prime Gene Pharmaceutical	Viral Pneumonia, Hepatitis C, VHF, Viral Infection, Cervicitis, Melanoma, CA, Lymphoma, HCL, HSK, Hepatitis B, RSV Infection, CML, Tumor, VZV Infection	1989	44.7%
長生扶明	Recombinant Human Interferon α 1b Eye Drops	Changchun Institute of Biological Products	Viral Infection, Keratitis, Conjunctivitis, Herpes Virus Infection, HSK, VZV Infection, AdV Infection, Scleritis	1996	0.1%

Source: NMPA, F&S analysis

OVERVIEW OF HEMATOLOGIC DISEASE DRUG MARKET IN CHINA

Overview of Erythropoietin Drugs

Renal anemia refers to the anemia that occurs due to the absolute or relative deficiency in the production of erythropoietin (EPO) caused by various kidney diseases, as well as the influence of uremic toxins on the production and lifespan of red blood cells.

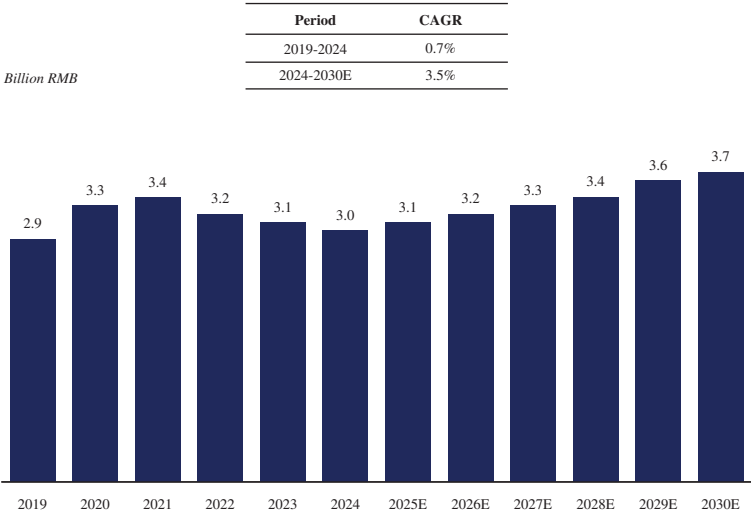
EPO is an active glycoprotein secreted by the kidneys. It acts on erythroid progenitor cells in the bone marrow, promoting their proliferation and differentiation. Under normal physiological conditions, the human body does not typically lack erythropoietin. However, when the body experiences hypoxia, the kidneys secrete large amounts of erythropoietin into the bloodstream. The hormone then circulates to the bone marrow, where it acts on hematopoietic stem cells, stimulating the production of red blood cells. With advancing research on erythropoietin, EPO has been widely used in the treatment of anemia caused by various etiologies.

INDUSTRY OVERVIEW

Market Size of Erythropoietin Drugs in China

In 2024, the EPO drug market in China reached RMB3.0 billion. It is projected that by 2030, the market will grow to RMB3.7 billion, with a CAGR of 3.5% from 2024 to 2030.

Market Size of EPO Drugs in China, 2019-2030E



Source: Frost & Sullivan Analysis

Competitive Landscape of EPO Drugs in China

As of the Latest Practicable Date, 14 EPO drugs had been approved by NMPA. In 2024, in terms of domestic revenue of EPO drugs, the Group’s human erythropoietin injection accounted for 16.7% of the market and ranked second in this market.

INDUSTRY OVERVIEW

Competitive Landscape of EPO Drugs in China, 2024

Ranking	Company	Indication	Market Share in 2024 by Revenue (%)
1	Company H ⁸	Renal anemia, red blood cell mobilisation in the perioperative period of surgery, chemotherapy-induced anemia	30.3%
2	The Group	Renal anemia, red blood cell mobilisation in the perioperative period of surgery	16.7%
3	Company I ⁹	Renal anemia, chemotherapy-induced anemia	9.1%
4	Company J ¹⁰	Renal anemia	6.8%
5	Company K ¹¹	Renal anemia, chemotherapy-induced anemia	6.2%
		Others	30.9%

* Based on domestic revenue of EPO drugs in 2024

Source: NMPA, Public data, Expert interview, Frost & Sullivan Analysis

OVERVIEW OF CHINA’S BIOSIMILAR EXPORTS

Pressured by medical insurance negotiations and volume-based procurement, China pharma firms are accelerating overseas expansion. Backed by policies like the 14th Five-Year Bioeconomy Plan, improved R&D capabilities, quality standards, and international alignment, innovative drugs fetch premiums in developed markets, while supply gaps in developing nations offer new growth opportunities.

Globally, biosimilars are expected to play a key role in lowering healthcare costs and providing increased patient access to biological therapies. Given this, and in line with the European Union and World Health Organization, many emerging nations have adapted and established biosimilar regulatory guidelines. The increasing demand for biosimilars in emerging markets, such as Asia and Latin America, presents a significant growth opportunity for pharmaceutical companies with biosimilar drugs.

- 8 Company H is founded in 1993 and headquartered in Liaoning. It is a high-tech enterprise specializing in the R&D, manufacturing, and commercialization of biopharmaceuticals. The company was listed on the HKEX in 2015.
- 9 Company I is founded in 1999 and headquartered in Guangdong. It is a biopharmaceutical company dedicated to the research, development, production, and commercialization of genetically engineered drugs.
- 10 Company J is founded in 2008 and headquartered in Shanghai. It is a company primarily engaged in the research, development, and manufacturing of biotechnology-based pharmaceuticals and anti-tumor drugs.
- 11 Company K is founded in 1958 and headquartered in Hebei. It is a pharmaceutical company engaged in the research, development, manufacturing, and commercialization of chemical drugs and biologics. The company was listed on the Shanghai Stock Exchange in 1994.

INDUSTRY OVERVIEW

Biosimilar Drugs Market in Selected Regions

Continent	2024 (Billion USD)	2030E (Billion USD)	CAGR 2024-2030E
Europe	9.4	21.9	15.1%
Southeast Asia	2.7	9.6	23.7%
Middle East	1.3	5.7	27.2%
Latin America	4.4	13.2	20.1%

Source: Expert interview, Frost & Sullivan Analysis

Global Popular Biologics with Biosimilar Drugs

Drug	Company	Regulatory Authority	Year of Approval	Patent Expiry Date (Year and Month)	Peak Sales (Billion US\$)	Indications
Adalimumab	AbbVie	FDA	2002	- United States: January 2023 - European Union: October 2018	21.2	Rheumatoid arthritis, ankylosing spondylitis, plaque psoriasis, juvenile idiopathic arthritis, Crohn's disease, ulcerative colitis, etc.
Infliximab	Johnson & Johnson/Merck	FDA	1999	- United States: September 2018 - European Union: February 2015	7.0	Crohn's disease, ulcerative colitis, rheumatoid arthritis, ankylosing spondylitis, psoriasis, etc.
Bevacizumab	Roche	FDA	2004	- United States : July 2019 - European Union: January 2022	7.1	Metastatic colorectal cancer, non-small cell lung cancer, recurrent glioblastoma, etc.
Trastuzumab	Roche	FDA	1998	- United States: June 2019 - European Union: July 2014	7.2	HER2 breast cancer, gastric cancer, etc.
Rituximab	Roche	FDA	1997	- United States: September 2016 - European Union: February 2013	7.5	Non-Hodgkin lymphoma, chronic lymphocytic leukemia, rheumatoid arthritis, etc.
Etanercept	Pfizer/Amgen	FDA	1998	- United States: November 2028 - European Union: August 2015	8.9	Rheumatoid arthritis, ankylosing spondylitis, psoriasis, etc.
Pembrolizumab	Merck	FDA	2014	- United States: December 2028 - European Union: January 2031	29.5	Melanoma, non-small cell lung cancer, mesothelioma, head and neck squamous cell carcinoma, etc.
Nivolumab	Bristol Myers Squibb	FDA	2014	- United States: December 2028 - European Union: June 2030	9.3	Melanoma, squamous non-small cell lung cancer, non-squamous non-small cell lung cancer, etc.
Aflibercept	Regeneron/Bayer	FDA	2011	- United States: June 2027 - European Union: June 2027	9.6	Wet age-related macular degeneration, macular edema secondary to retinal vein occlusion, and others

Source: Frost & Sullivan analysis

INDUSTRY OVERVIEW

Growth Drivers and Future Trends of Global Biosimilars Market

Emerging Market Expansion: Europe, supported by a well-established regulatory framework (such as the EMA approval pathway) and comprehensive reimbursement and substitution policies, has facilitated broad adoption and increasing market penetration of biosimilars, making it the most mature market globally. Major European countries have further driven market expansion through competitive pricing mechanisms and prescription substitution initiatives. Meanwhile, emerging markets in Asia, Latin America, and the Middle East are rapidly unlocking growth potential, driven by improving healthcare coverage, enhanced drug accessibility, and strengthening local R&D and manufacturing capabilities. Compared with the high cost and limited coverage of originator biologics, these regions show strong demand for cost-effective biosimilars, with supportive policies further accelerating market development. Together, European mature market experience and the rapid expansion of emerging markets are fueling global market growth and contributing to a more diversified competitive landscape.

Supportive Regulatory Environments: Regulatory frameworks play a pivotal role in unlocking the potential of the global biosimilar drugs market. The FDA has refined its biosimilar approval pathway to streamline review processes while upholding rigorous standards for comparability to reference biologics. This includes requiring comprehensive analytical, preclinical, and clinical data to demonstrate similarity in safety, efficacy, and quality. Similarly, the EMA has established a well-defined centralized approval system for biosimilars, which not only ensures consistent evaluation across the European Union but also provides post-approval pharmacovigilance mechanisms to monitor long-term safety. Some countries are also implementing policies and financial incentives for healthcare providers to encourage the use of biosimilars, further accelerating the market penetration of biosimilars.

Growing Demand for Affordable Treatments: The rising global prevalence of chronic diseases, such as cancer and autoimmune conditions, require long-term treatment with biologic drugs which are usually expensive. This cost pressure has created an urgent need for more affordable alternatives, and biosimilars have emerged as a viable solution which cost 20% to 40% less than their original counterparts. By offering significant savings for healthcare systems, biosimilars have free up resources to expand access to care, such as covering more patients who previously could not afford biologic treatment. In emerging markets, biosimilars have become even more pivotal in countries such as Brazil, Argentina and Mexico, directly addressing unmet patient needs.

Overview of Bevacizumab

Bevacizumab is a humanized monoclonal antibody that targets vascular endothelial growth factor (VEGF), which plays a key role in promoting angiogenesis, or the formation of new blood vessels. By binding to VEGF, bevacizumab inhibits its interaction with receptors on endothelial cells, preventing the growth of blood vessels within tumors and thereby reducing tumor growth and metastasis. It is widely used in the treatment of various cancers, including colorectal cancer, non-small cell lung cancer, renal cell carcinoma, and ovarian cancer, often in combination with chemotherapy to enhance efficacy. In 2024, the global market size of bevacizumab biosimilars reached US\$6.8 billion. The market is projected to grow at a CAGR of 6.9%, reaching US\$10.1 billion by 2030.

INDUSTRY OVERVIEW

Overview of Trastuzumab

Trastuzumab is a humanized monoclonal antibody that specifically targets and inhibits the human epidermal growth factor receptor 2 (HER2). HER2 is a receptor that is overexpressed in various tumors, particularly in breast and gastric cancers, and plays a key role in tumor cell growth and division. Trastuzumab works by binding to the HER2 receptor, inhibiting its downstream signaling pathways, and thereby preventing tumor cell proliferation and spread. It is commonly used in the treatment of HER2-positive breast cancer and gastric cancer, showing significant efficacy in both early and advanced stages of the disease. In 2024, the global market size of trastuzumab biosimilars reached US\$1.7 billion. The market is projected to grow at a CAGR of 10.9%, reaching US\$3.2 billion by 2030.

Overview of Semaglutide and Liraglutide

Semaglutide and Liraglutide both belong to the glucagon-like peptide-1 receptor agonists, with their core indication being blood sugar control for patients with type 2 diabetes. They can be used alone or in combination with other hypoglycemic drugs to improve blood sugar levels. Additionally, Semaglutide has been approved for weight management in obese or overweight adults, helping this population to lose weight and maintain the weight loss effect. The global prevalence of overweight and obesity patients grew from 2,197.7 million in 2019 to 2,612.5 million in 2024 at a CAGR of 3.5%, and is projected to reach 3,070.6 million by 2030. In China, the prevalence of overweight and obesity grew from 548.0 million in 2019 to 640.5 million in 2024 at a CAGR of 3.2%, and is projected to reach 756.5 million by 2030.

SOURCE OF INDUSTRY INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on our markets. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of our markets for potential investors.

Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. We have agreed to pay Frost & Sullivan a fee of RMB480,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [REDACTED] or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED]. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

REGULATORY OVERVIEW

LAWS AND REGULATIONS OF THE PRC

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the major PRC regulatory authorities and PRC laws and regulations that we believe are relevant to our business and operations in the PRC.

PRINCIPAL REGULATORY AUTHORITIES

NMPA and Center for Drug Evaluation

The National Medical Products Administration (國家藥品監督管理局) (formerly the China Food and Drug Administration (國家食品藥品監督管理總局), the “CFDA”) (the “NMPA”) is the department in charge of the pharmaceutical industry of China. It is responsible for drawing up the laws and regulations related to pharmaceuticals and medical devices, drafting policies and plans, formulating departmental regulations, organizing the development and issuance of pharmaceutical and medical device standards, classification and management regulations, such as national pharmacopoeia, and supervising the implementation thereof. The Center for Drug Evaluation (the “CDE”) is the technical evaluation unit for drug registration with the NMPA. It is mainly responsible for accepting and conducting technical evaluations of clinical trial applications and marketing authorization applications for drugs, participating in the formulation of the laws, regulations, and normative documents related to drug registration management, conducting technical evaluation for the quality and efficacy consistency reviews of generic drugs, and organizing the formulation and implementation of drug evaluation standards and technical guidance principles.

NHC

The National Health Commission (國家衛生健康委員會) (formerly known as the National Health and Family Planning Commission (國家衛生和計劃生育委員會)) (the “NHC”) is the primary national regulatory agency for public health and family planning management. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services, and health emergency systems, coordinating the reform of medical and health system, organizing the establishment of national drug policies and national essential medicine system, performing pharmacovigilance and drug shortage alert, suggesting on the pricing policy of national essential medicine, and monitoring the operation of medical institutions and practicing of healthcare practitioners.

NHSA

The National Healthcare Security Administration (國家醫療保障局) (the “NHSA”), a new agency established in May 2018, directly under the State Council, is responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; formulating a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; and formulating and supervising the implementation of the bidding and tendering policies for drugs and medical disposables.

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MOFCOM

The Ministry of Commerce of the People’s Republic of China (中華人民共和國商務部) (the “MOFCOM”) is responsible for the overall guidance and management of foreign investment. It formulates, revises and implements the laws, regulations, rules and policies on foreign investment. It also participates in the formulation and promulgation of the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the “Negative List”) and Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》). The MOFCOM is also responsible for the administration and supervision of the approval and registration of foreign investment in China.

General Administration of Customs of the People’s Republic of China

The General Administration of Customs of the People’s Republic of China (the “GACC”) is a directly affiliated institution of the State Council. The GACC is the state’s customs supervision and administration authority. It is responsible for the collection and management of import/export duties and other taxes and fees, outbound and inbound health quarantine and entry-exit inspection and quarantine of animals and plants and the related products, inspection of import and export commodities under the laws, compilation of customs statistics for national trading of items including import/export goods, formulating and implementing plans to develop customs technologies and support the development of laboratories and technologies. According to the Decision on the State Council Institutional Reform Proposal (《國務院機構改革方案的決定》) issued by the State Council and effective on March 17, 2018, the duty of the entry-exit inspection and quarantine management and relevant staff of the former State Administration for Quality Supervision and Inspection and Quarantine were assigned to the GACC.

PRINCIPAL REGULATORY PROVISIONS

Laws and Regulations on Company Establishment and Foreign Investment in the PRC

The establishment, operation and management of corporate entities in China are governed by the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “PRC Company Law”), which was promulgated by the Standing Committee of the NPC in December 1993 and latest amended in December 2023. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies and foreign-invested companies limited by shares. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

Currently investment activities in the PRC by foreign investors are primarily governed by the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which were promulgated by the MOFCOM in September 2024 and came into effect since November 1,

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2024, and the Special Administrative Measures for the Access of Foreign Investment in Pilot Free Trade Zones (Negative List) (2021 Edition) (《自由貿易試驗區外商投資准入特別管理措施(負面清單)(2021年版)》), which were promulgated by the MOFCOM and the NDRC in December 2021 and came into effect since January 1, 2022. The Negative Lists set out the special administrative measures in a unified manner in respect of the access of foreign investments, such as the industries that are prohibited for foreign investment, the limits on shareholding percentages of foreign investors and the requirements on the participation of foreign investors in the operation and management. The Negative Lists cover 11 industries, and any field not falling in the Negative Lists shall be administered under the principle of equal treatment for domestic and foreign investment. Our business, as currently conducted, does not fall within the confines of the Negative Lists and is not subject to foreign investment restrictions.

The Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) (the “Foreign Investment Law”) was promulgated by the NPC in March 2019 and came into effect in January 2020. After the Foreign Investment Law came into effect, the trio of the Law on Wholly Foreign-owned Enterprises of the People’s Republic of China (《中華人民共和國外資企業法》), the Law on Sino-foreign Equity Joint Ventures of the People’s Republic of China (《中華人民共和國中外合資經營企業法》) and the Law on Sino-foreign Cooperative Joint Ventures of the People’s Republic of China (《中華人民共和國中外合作經營企業法》) have been repealed simultaneously. The investment activities of foreign natural persons, enterprises or other organizations (hereinafter referred to as “foreign investors”) directly or indirectly within the territory of China shall comply with and be governed by the Foreign Investment Law, including: 1) foreign investors establishing foreign-invested enterprises in China alone or jointly with other investors; 2) foreign investors acquiring shares, equity, property shares, or other similar interests of Chinese domestic enterprises; 3) foreign investors investing in new projects in China alone or jointly with other investors; and 4) other forms of investment prescribed by laws, administrative regulations or the State Council.

In December 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》) (the “Implementation Rules”), which came into effect in January 2020. The Implementation Rules further clarified that the state shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment, and advance a higher-level opening.

In December 2019, the MOFCOM and the State Administration for Market Regulation promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the “Reporting Measures”), which came into effect in January 2020. After the Reporting Measures came into effect, the Interim Measures for the Administration of Filing for Establishment and Changes in Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) has been repealed simultaneously. Since January 1, 2020, foreign investors or foreign-invested enterprises carrying out investment activities directly or indirectly in China shall submit investment information to the relevant commerce administrative authorities according to the Reporting Measures.

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Laws and Regulations on Drugs

Research and Development of New Drugs

The Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) (the “Drug Administration Law”) promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) in September 1984, latest amended on August 26, 2019 and became effective on December 1, 2019, and the Implementation Regulations 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》) (the “Implementation Regulations”) promulgated by the State Council in August 2002 and latest amended on December 6, 2024, have laid down the legal framework for the establishment and maintenance of pharmaceutical manufacturing and trading enterprises, as well as for the administration of pharmaceutical products including the development and manufacturing of new drugs. According to the Drug Administration Law and the Implementation Regulations, the PRC encourages the research and development of new drugs and protects the legal rights and interests in the research and development of new drugs. The developer and clinical trial applicant of any new drug shall truthfully submit the new drug’s manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, documents and samples to the NMPA for approval before any clinical trial is conducted.

Non-clinical Research and Animal Testing

The non-clinical safety evaluation study for drugs for the purpose of applying for drug marketing authorization shall be conducted in accordance with the Administrative Measures for Good Laboratories Practice (《藥物非臨床研究質量管理規範》), which was promulgated in August 2003 and amended in July 2017 by the CFDA. In April 2007, the CFDA issued the Circular on Measures for Certification of Good Laboratory Practice (《藥物非臨床研究質量管理規範認證管理辦法》), latest amended on January 19, 2023 and came into effect on July 1, 2023, which set forth the requirements for an institution to apply for a Certification of Good Laboratory Practice to undertake non-clinical research on drugs.

According to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) issued by the State Scientific and Technological Commission on November 14, 1988 and latest amended by the State Council on March 1, 2017, the Administrative Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly issued by the State Scientific and Technological Commission and the State Bureau of Quality and Technical Supervision on December 11, 1997 and the Administrative Measures on the Certificate for Experimental Animals (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 authorities on December 5, 2001 and effective from January 1, 2002, using and breeding experimental animals shall be subject to some rules and performing experimentation on animals requires a Certificate for Use of Experimental Animals (《實驗動物使用許可證》). Any entity without such certification must engage a qualified third party to conduct such non-clinical studies regulated under relevant laws and regulations.

REGULATORY OVERVIEW

Application for Clinical Trial

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) (the “Circular 27”), which was promulgated on January 22, 2020 and took effect on July 1, 2020, drug clinical trials shall be divided into Phase I clinical trial, Phase II clinical trial, Phase III clinical trial, Phase IV clinical trial, and bioequivalence trial. In accordance with Circular 27 and the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》) issued in July 2018, if a clinical trial applicant does not receive any negative or questioned opinions from the CDE within 60 days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the CDE.

After obtaining the approval of clinical trial from the NMPA, the applicant must complete the clinical trial registration at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Circular on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013. The applicant shall complete the initial registration of the trial within one month after obtaining the approval of clinical trial to obtain an exclusive trial registration number, and then complete the subsequent information registration before the first patient is enrolled in the trial and submit the registration for public disclosure for the first time.

Conduct of Clinical Trial

After obtaining clinical trial approval, the applicant shall conduct clinical trials at qualified clinical trial institutions. A qualified clinical trial institution refers to institutions that have the conditions to conduct clinical trials of drugs in accordance with the requirements and technical guidelines set forth in the Regulations for the Administration of Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect on December 1, 2019. Such clinical trial institutions shall be subject to registration requirements, with the exception of institutions that only engage in the analysis of biological samples which shall not be subject to such registration requirements. The NMPA is responsible for setting up a registration management information platform for the registration and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information from the supervision and inspection activities conducted by drug regulatory authorities and competent healthcare authorities.

Clinical trials must be conducted in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) promulgated by the NMPA and the NHC on April 23, 2020 and effective on July 1, 2020, which stipulates the requirements for the procedures of conducting clinical trials, including clinical trial preparation, trial protocols, protection of subjects’ rights and interests, duties of investigators, applicants and monitors, as well as data management and statistical analysis.

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According to the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》), where the application for clinical trial of investigational new drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for communication meetings to the CDE to discuss with the CDE the key technical issues including the design of Phase III clinical trial protocol. According to the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》), revised by the NMPA on December 10, 2020, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicant may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development stages of drugs, mainly including meetings before submitting the clinical trial application, meetings upon the completion of Phase II trials and prior to Phase III trials, meetings before submitting the marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to other meetings not classified as Type I or Type II.

Classification of Drugs

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), the drug registration administration shall be classified into traditional Chinese drugs, chemical drugs and biological products; among them, the registration of chemical drugs shall be classified into innovative chemical drugs, modified new chemical drugs, generic drugs, etc. the registration of biological products shall be classified into innovative biological products, modified new biological products, and marketed biological products (including biosimilars).

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According to the Announcement on Registration Classification of Biological Products and the Requirements for Application Materials (《關於發佈生物製品註冊分類及申報資料要求的通告》) issued by the NMPA on June 29, 2020, which divided therapeutic biological products into 3 classes, Class I therapeutic biological products refer to those have not been marketed in the PRC or abroad. Class II therapeutic biological products refer to improved products that, compared with the existing products marketed in the PRC or abroad, could improve the safety, effectiveness and quality controllability, and have obvious advantages. Class III therapeutic biological products refer to those have been marketed in the PRC or abroad, mainly including: biological products manufactured overseas and marketed overseas but not yet marketed domestically; biological products marketed overseas but not yet marketed domestically; biosimilars; and other biological products.

New Drug Application

Pursuant to Circular 27, upon completion of clinical trials, determination of quality standards, completion of validation of commercial-scale production processes and completion of other related preparation works, the applicant may apply to the NMPA for the drug marketing authorization. The NMPA then determines whether to approve the application according to applicable laws and regulations. The applicant must obtain the marketing authorization for a new drug before the drug can be manufactured and sold in the Chinese market. According to Circular 27, the applicants of any of the following drugs can apply for conditional approval of such drugs: (1) drugs which are used for the treatment of severe life-threatening diseases currently lacking effective treatment and the data of clinical trials can confirm their efficacy and forecast their clinical value; (2) drugs which are urgently needed for public health and data of clinical trials can demonstrate their efficacy and forecast their clinical value; and (3) vaccines which are urgently needed to deal with major public health emergencies or other vaccines which the NHC deems to be urgently needed, and whose benefits are assessed to outweigh the risks.

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Administration of Traditional Chinese Medicine Registration

According to the Special Provisions on the Administration of Traditional Chinese Medicine Registration (《中藥註冊管理專門規定》) issued by the NMPA on February 10, 2023, the registration classifications for TCMs include innovative TCMs, modified new drugs of TCMs, compound preparations of TCMs originated from ancient classic prescriptions, and drugs with identical names and formulations. The specific circumstances of TCM registration classifications and corresponding requirements for submission materials shall be implemented in accordance with the relevant provisions concerning TCM registration classifications and submission material requirements.

Reform of Evaluation and Approval System for Drugs

The State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) (the “Reform Opinions”) in August 2015, which provides a framework for reforming the review and approval system for drugs and indicates enhancing the standard of approval for drug registration and accelerating the review and approval process for innovative drugs.

The CFDA promulgated the Announcement on Certain Policies for Drug Registration, Evaluation and Approval (《關於藥品註冊審評審批若干政策的公告》) (the “Certain Policies Announcement”) in November 2015, which further clarifies the measures and policies on simplifying and accelerating the approval process on the basis of the Reform Opinions.

Pursuant to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA in March 2017 and came into effect in May 2017, the clinical trial approval decisions on drugs (including domestic and imported), decisions on approval of drug supplementary applications (including domestic and imported) and decisions on approval of re-registration of imported drugs can be directly made by the CDE in the name of the CFDA.

The Working Procedures for Review of Breakthrough Therapy Drugs (Interim)(《突破性治療藥物審評工作程序(試行)》), Working Procedures for Review and Approval of Applications for Conditional Approval of Drug Marketing (Interim) (《藥品附條件批准上市申請審評審批工作程序(試行)》) and Working Procedures for Priority Review and Approval of Drug Marketing Authorization (Interim) (《藥品上市許可優先審評審批工作程序(試行)》) promulgated by the NMPA in July 2020 and came into effect in July 2020, replace the Opinions on Encouraging Pharmaceutical Innovation via Priority Review & Approval (《關於鼓勵藥品創新實行優先審評審批的意見》) promulgated by the CFDA in December 2017 and came into effect in December 2017, which further clarifies the Accelerating Registration Procedures for Drugs.

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Administrative Protection and Monitoring Periods for New Drugs

According to the Implementation Rules and the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) issued on March 4, 2016, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new Category 1 drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not approve other enterprises' applications to manufacture or import the said drug.

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

According to the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (《關於發佈國際多中心藥物臨床試驗指南(試行)的通告》), (the “Multi-Center Clinical Trial Guidelines”) promulgated by the NMPA on January 30, 2015 and came into effect from March 1, 2015, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers in accordance with the same clinical trial protocol. Where the applicants plan to implement the international multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the Drug Administration Law (《藥品管理法》), the Implementation Regulations and the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), execute the Good Clinical Practice (《藥物臨床試驗質量管理規範》) (GCP), make reference to universal international principles such as the International Council for Harmonization (ICH) of Technical Requirements for Pharmaceuticals for Human Use, and comply with the laws and regulations of the countries involved in the international multi-center clinical trials. Where the applicants plan to use the data derived from the international multi-center clinical trials for approval of a drug registration in the PRC, it shall involve at least two countries, including the PRC, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and other related laws and regulations.

According to the Opinions on Deepening the Reform of the Review and Approval System and to Encourage 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》), clinical trial data obtained from overseas multi-center may be used for the registration applications in the PRC, provided that such data meet the relevant requirements for the registration of drugs and medical devices in the PRC.

According to the Technical Guiding Principles for the Acceptance of Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) promulgated by the NMPA on July 6, 2018, the basic principles for accepting overseas clinical trial data include: (i) applicants shall ensure the authenticity, integrity, accuracy and traceability of overseas clinical trial data; (ii) the process of generating overseas clinical trial data shall comply with the relevant requirements of the ICH-GCP; (iii) applicants shall ensure the scientific design of overseas clinical trials, the compliance of clinical trial quality management system with the requirements, and the accuracy and integrity of statistical analysis of data; and (iv) to ensure that the clinical trial design and statistical analysis of the data are scientific and reasonable, for

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drugs with simultaneous R&D at home and abroad and forthcoming clinical trials in China, the applicants may, prior to implementing registrational clinical trials, contact the CDE to ensure the compliance of registrational clinical trial’s design with the essential technical requirements for drug registration in China.

Drug Marketing Authorization Holder Mechanism

Pursuant to the Drug Administration Law (《藥品管理法》), China implements the drug marketing authorization holder mechanism for the management of the drug industry. The drug marketing authorization holder refers to an enterprise or a drug research and development institution that has obtained the drug registration certificate. The drug marketing authorization holder shall be responsible for non-clinical research, clinical trials, production and operation, post-marketing research, adverse reaction monitoring, reporting and processing of drugs in accordance with the provisions of the law.

The drug marketing authorization holder may manufacture drugs by themselves or entrust a pharmaceutical manufacturing enterprise to manufacture drugs. Likewise, they may sell drugs by themselves or entrust a pharmaceutical distribution enterprise to sell drugs. However, drug marketing authorization holder may not entrust a pharmaceutical manufacturing enterprise to produce blood products, narcotic drugs, psychotropic drugs, medical-use toxic drugs or pharmaceutical precursor chemicals, except as otherwise stipulated by the drug regulatory department under the State Council.

The drug marketing authorization holder shall establish a drug quality assurance system and be equipped with special personnel to take charge of quality management on drugs independently. The drug marketing authorization holder shall regularly review the quality management system of the drug manufacturer and the drug distributor and supervise its continuous quality assurance and control capabilities.

Where the drug marketing authorization holder is an overseas enterprise, its designated domestic enterprise shall perform the obligations of the drug marketing authorization holder and jointly assume the responsibilities of the drug marketing authorization holder with the overseas enterprise.

Gathering, Collection and Filing of Human Genetic Resources

Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources (《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》) promulgated by the Ministry of Science and Technology in July 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) promulgated by the Ministry of Science and Technology in August 2015, the gathering and collection of human genetic resources through clinical trials by a foreign-invested sponsor shall be filed for record with the China Human Genetic Resources Management Office through an online system.

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Pursuant to the Regulations on the Management of 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》) promulgated by the State Council in May 2019, came into effect on July 1, 2019 and amended on March 10, 2024, foreign organizations, individuals and the institutions established or actually controlled thereby shall not collect, preserve China’s human genetic resources within the territory of China, nor shall they provide China’s human genetic resources outside the country.

On May 26, 2023, the Ministry of Science and Technology promulgated the Implementation Rules for the Administrative Regulation on Human Genetic Resources (《人類遺傳資源管理條例實施細則》), or the Implementation Rules for HGR, which came into effect on July 1, 2023. The Implementation Rules for HGR further clarify the criteria for constituting a Foreign Entity, which shall include (i) any foreign organization or individual that holds directly or indirectly more than 50% of the shares, equity interests, voting rights, property shares or other similar interests in the institution; (ii) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through its voting right or other interests, although the shares, equity interests, voting rights, property shares or other similar interests it directly or indirectly holds in the institution is less than 50%; (iii) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through investment relationship, contract or other arrangement; and (iv) other situations stipulated by laws, regulations and rules.

The Standing Committee of the NPC adopted the Biosecurity Law of the People’s Republic of China (《中華人民共和國生物安全法》) (the “Biosecurity Law”), which was issued on October 17, 2020 and latest amended on April 26, 2024. The Biosecurity Law establishes an integrated system to regulate biosecurity related activities in China, including the security regulation of human genetic resources and biological resources. The Biosecurity Law for the first time expressly declares that China has sovereignty over its human genetic resources, and further endorses the Regulation on the Management of Human Genetic Resources by recognizing the fundamental regulatory principles and systems established by it over the utilization of Chinese human genetic resources by foreign entities in China. Although the Biosecurity Law does not provide any specific new regulatory requirements for human genetic resources, because it is a law adopted by China’s highest legislative authority, it gives China’s major regulatory authority of human genetic resources, the NHC, significantly more power and discretion to regulate human genetic resources, and it is expected that the overall regulatory landscape of Chinese human genetic resources will evolve and become even more rigorous and sophisticated. Failure to comply with the requirement under the Biosecurity Law will result in penalties, including fines, suspension of related activities and confiscation of related human genetic resources and gains generated from conducting these activities.

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Regulations of Biosimilars

According to the Technical Guideline for the Research, Development and Evaluation Biosimilars (Trial) (《生物類似藥研發與評價技術指導原則(試行)》) (the “Biosimilar Guidelines”), biosimilars refer to therapeutic biological products that are similar to approved reference drugs in terms of quality, safety and efficacy. The R&D and marketing of biosimilars need to comply with the relevant regulations of the Drug Administration Law (《藥品管理法》) and Circular 27. After completion of pre-clinical studies, the applicant is required to submit an application for a clinical trial, and after receiving the approval to conduct a clinical trial, the applicant should complete the clinical trial in accordance with the clinical trial protocol. The applicant shall submit an application for marketing authorization after completion of the clinical trials and related preparation works.

According to Circular 27, drug registration shall be subject to registration and administration by categories, namely Chinese medicine, chemical medicine and biological products, etc. Biological product registration shall be categorized in accordance with innovative biological products, modified biological products, marketed biological products (including biosimilars), etc. In order to cooperate with the implementation of the Circular 27, the NMPA established the Registration Classification of Biological Products and Requirements for Application Dossiers (《生物製品註冊分類及申報資料要求》), and the Registration Classification of Biological Products part came into effect on July 1, 2020 while the Requirements for Application Dossiers part came into effect on October 1, 2020. According to the Registration Classification of Biological Products and Requirements for Application Dossiers, biosimilars are classified as category 3.3.

According to the Biosimilar Guidelines, biosimilars shall be filed under the application procedures for new drugs. Application dossiers for therapeutic biological products shall be submitted following specific requirements in the Biosimilar Guidelines.

In February 2015, the CFDA released the Biosimilar Guidelines, which outline the regulatory framework for biosimilars in China and provide the basic principles for the evaluation and management of biosimilars. It sets forth the definition of biosimilars and reference drugs, the requirements in relation to the selection of reference drugs, the basic principles for the technical review, the criteria for comparability, and the conditions under which extrapolations of indications would be permissible. According to the Biosimilar Guidelines, R&D of biosimilar drugs is based on comparability studies to prove their similarities with reference drugs, supporting their safety, efficacy and quality control. A biosimilar drug should in principle have the same amino acid sequence as the reference drug, and the R&D and evaluation of biosimilars should be carried out in accordance with basic principles (i.e. comparison principle, stepwise principle, consistency principle and equivalence principle) and should cover pharmaceutical, non-clinical and clinical research and evaluation. For PK comparability studies, equivalence design is usually used to study similarities of absorption/bioavailability. Equivalence thresholds should be set in advance and justified, and elimination characteristics (e.g., clearance rate, elimination half-lives) should be analyzed.

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The Biosimilar Guidelines set out provisions for the extrapolation of indications of biosimilars. When similarities are proved in comparative trials, the indications of biosimilars may be expanded to include other indications of reference drugs. The extrapolated indications shall be those with same pathological mechanisms and/or receptors and the same action mechanisms and targets. In comparative trials, appropriate indications shall be selected, and subsequent evaluation shall be made on the safety and immunogenicity of the extrapolated indications. The extrapolation of indications shall be considered according to product features on a case-by-case basis. However, caution shall be taken in expanding indications for patients with concomitant medication, with different combined diseases or different recommended dosages.

On February 10, 2021, the NMPA issued the Technical Guidelines for Similarity Evaluation and Indication Extrapolation of Biosimilars (《生物類似藥相似性評價和適應症外推技術指導原則》) to further standardize the development and evaluation of biosimilars, which came into effect on the same day. According to the Technical Guidelines for Similarity Evaluation and Indication Extrapolation of Biosimilars, “similarity” refers to a drug candidate that is overall similar to an approved reference drug and does not present clinically meaningful differences in terms of quality, safety and efficacy, and “Indication Extrapolation” refers to that, in respect to a drug candidate that is overall similar to the reference drug, when clinical trials showing that the candidate is clinically similar to the reference drug in at least one indication, it may be possible to extrapolate the scientific arguments for indication related study data and information in support of its use for other indications not directly studied but approved for the reference drug in China. The similarity evaluation of biosimilars should be carried out comprehensively from the perspective of pharmaceutical, non-clinical and clinical studies to determine the overall similarity and should be carried out at different stages of biopharmaceutical development.

Registration of Generic Drugs

According to the Registration Measures (《註冊管理辦法》), the applicants which apply for registration of generic drugs shall be manufacturers of the same drugs. The applicant’s drugs shall also be within the manufacturing scope specified in the Drug Manufacturing Permit (《藥品生產許可證》). Furthermore, clinical trials are required to be conducted in accordance with the Registration Measures. According to the Circular on Implementation of Notification Management of Bioequivalence Trials of Chemical Drug (《關於化學藥生物等效性試驗實行備案管理的公告》), the management of bioequivalence trials of chemical drug has been changed from examination and approval to notification. With reference to the technical review opinions, the NMPA will either grant a drug registration number or issue a disapproval notice.

Pursuant to the Opinions on Conducting the Consistency Evaluation for the Quality and Efficacy of Generic Drugs issued by the General Office of the State Council (《國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見》) promulgated on February 6, 2016 and the Opinions of Relevant Matters Concerning Implementing the Opinions on Conducting the Consistency Evaluation for the Quality and Efficacy of Generic Drugs issued by the NMPA (《關於落實〈國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見〉的有關事項的意

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見》), promulgated on May 25, 2016, generic drugs approved for marketing before the implementation of the new registration classification of chemical drugs, including domestic generic drugs, imported generic drugs and the indigenous varieties of the innovative drugs, shall carry out consistency evaluation. In principle, the consistency evaluation should be completed before the end of 2018 for the generic oral solid preparations approved for sale before October 1, 2007 and listed in the National Essential Medicine List (2012 Edition). For any other generic drugs approved for marketing before the implementation of the new registration classification of chemical drugs, after the first drug produced by a pharmaceutical enterprise passes the consistency evaluation, other pharmaceutical enterprises shall complete the consistency evaluation for their identical drugs within three years in principle; no registration will be granted in case of failure to do so as required within the prescribed time limit.

Pursuant to the Circular on Relevant Matters Concerning Consistency Evaluation for Quality and Curative Effect of Generic Drugs (《關於仿製藥質量和療效一致性評價有關事項的公告》) further promulgated by the NMPA on December 28, 2018, the time limit for consistency evaluation of the drugs included in the National Essential Medicine List (2018 Edition) will no longer be set uniformly. For generic drugs, including essential drug varieties, approved for marketing before the implementation of new registration classification of chemical drugs, after the first drug has passed the consistency evaluation, other drug manufacturers should complete the consistency evaluation for their identical drugs within three years in principle. If it is not completed within the time limit, the enterprise may apply to the local provincial medical products administrations for an extension of the evaluation if the drug is deemed to be clinically necessary and in short supply in the market. If the registration is not completed within the extended time limit, it shall not be re-registered.

Laws and Regulations on Drug Manufacturing

Drug Manufacturing Permit

Pursuant to the Drug Administration Law (《藥品管理法》) and the Implementation Regulations of the Drug Administration Law (《藥品管理法實施條例》), a drug manufacturer must obtain a Drug Manufacturing Permit (《藥品生產許可證》) from the drug regulatory authority at provincial, autonomous regional or municipal level before it may start manufacturing drugs in the PRC. The Drug Manufacturing Permit shall indicate the validity period and the scope of production. Each Drug Manufacturing Permit is valid for a period of five years, and the manufacturer is required to apply for renewal of the permit within six months prior to its expiration date.

According to the Measures on the Supervision and Administration of the Manufacture of Drugs (《藥品生產監督管理辦法》) (the “Drug Manufacturing Measures”), latest amended on January 22, 2020 and came into effect on July 1, 2020, the Drug Manufacturing Permit is valid for five years and shall be renewed at least six months prior to its expiration date upon a re-examination by the original issuing authority. In addition, the name, unified social credit code, registered address (business premises) and legal representative specified in the Drug

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Manufacturing Permit shall be the same as that set forth in the business license as approved and issued by the local counterparts of the SAMR. According to the Drug Manufacturing Measures, if the MAH does not manufacture the drug but entrusts others to manufacture the drug, the MAH shall enter into an entrustment agreement and a quality agreement with a qualified drug producer and submit the relevant agreements and the application materials of the actual production site to the competent provincial counterpart of the NMPA where the MAH is located to apply for the Drug Manufacturing Permit.

Good Manufacturing Practice

Prior to December 1, 2019, pursuant to the Certification Measures for Good Manufacturing Practice for Drugs (《藥品生產質量管理規範認證管理辦法》) issued by the CFDA in August 2011, when establishing a pharmaceutical manufacturer or a new factory or expanding the production scope, the drug manufacturer is required to submit an application for a Good Manufacturing Practice Certification (《藥品生產質量管理規範》認證) (the “GMP certification”) with the drug regulatory authority. If the Good Manufacturing Practices (《藥品生產質量管理規範》) (the “GMP”) are satisfied, a GMP certificate will be issued. Pursuant to the Circular on the Relevant Issues Concerning the 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》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law (《藥品管理法》), since December 1, 2019, the GMP and Good Supply Practice (《藥品經營質量管理規範》) (the “GSP”) certifications have been cancelled, applications for GMP and GSP certifications are no longer accepted, and GMP and GSP certificates are no longer issued. The legal representative of and principal person in charge of a drug manufacturer is fully responsible for the drug manufacturing activities of the enterprise.

The drug manufacturer must conduct the manufacturing process in accordance with the Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) issued by the Ministry of Health in January 2011, which sets forth a set of detailed standard guidelines governing the manufacture of drugs including organization and staff qualifications, production premises and facilities, equipment, hygiene conditions, production management, quality controls, drug supply, raw material management, maintenance of distribution records and management of customer complaints and adverse event reports.

Laws and Regulations on Drug Supply

According to the Drug Administration Law (《藥品管理法》), the operation of drug business, including drug wholesale and drug retail, is prohibited without a Drug Supply Permit. A Drug Supply Permit shall state the validity period and the scope of business and be subject to review and reissuance upon expiry of the validity period.

According to the Measures for the Supervision and Administration of Drug Supply and Usage (《藥品經營和使用質量監督管理辦法》) came into effect on January 1, 2024, a Drug Supply Permit is valid for five years. Each holder of the Drug Supply Permit must apply for an extension of its permit six months prior to expiration.

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The Good Supply Practice (《藥品經營質量管理規範》) (the “GSP”) was latest amended and came into effect on July 13, 2016. The GSP set forth the basic standards in management of drug supply and apply to enterprises engaged in drug supply in the PRC, which require drug suppliers to implement strict controls on its supply of pharmaceutical products, including standards regarding staff qualifications, premises, warehouses, inspection equipment and facilities, management and quality control. Under the Drug Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》), the GSP certification is no longer required for drug suppliers, but drug suppliers are still required to comply with the GSP.

National Essential Medicine List

On August 18, 2009, the Ministry of Health (later restructured as the National Health Commission) and eight other state agencies jointly issued the Implementation Opinions on Establishing the National Essential Medicine System (《關於建立國家基本藥物制度的實施意見》), which aims to facilitate the provision of essential medicines to Chinese consumers at reasonable prices and ensure equitable public access to drugs listed in the National Essential Medicine List (《國家基本藥物目錄》). The National Essential Medicine List (2018 Edition) (《國家基本藥物目錄(2018年版)》) (the “National Essential Medicine List”) was promulgated by the NHC on September 30, 2018. Under these regulations, all government-funded primary healthcare institutions (primarily including county-level hospitals, county-level traditional Chinese medicine hospitals, township health centers, and community clinics) are required to fully stock and utilize drugs specified in the National Essential Medicine List. Drugs listed in the National Essential Medicine List used by public hospitals must be procured through centralized public bidding mechanisms and are subject to management by the NDRC, the NHC and other government departments.

National Reimbursement Drug List

Pursuant to the Interim Measures for the Administration of the Use of Medicines Covered by Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) promulgated by the NHSA on July 30, 2020 and came into effect since September 1, 2020, the scope of drugs covered under the basic medical insurance system shall be administered through the NRDL.

The National Basic Medical Insurance, Work-Related Injury Insurance, and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) (the “NRDL”), jointly issued by the NHSA and the Ministry of Human Resources and Social Security on November 27, 2024 and came into effect since January 1, 2025, establishes reimbursement standards for drugs under the basic medical insurance, work-related injury insurance, and maternity insurance funds. Local governments are mandated to implement the NRDL strictly and are prohibited from making any modifications to its contents. The NRDL comprises Part A and Part B. Part A drugs are clinically essential medicines characterized by broad clinical applicability, proven therapeutic efficacy, and comparatively lower pricing than alternative drugs in the same therapeutic class. Part B drugs are clinically essential medicines with proven therapeutic efficacy but relatively higher pricing than Part A drugs.

Eligible drugs in the National Essential Medicine List may be incorporated into the NRDL according to the Interim Measures for the Administration of the Use of Medicines Covered by Basic Medical Insurance.

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Drug Procurement by Hospitals

According to the Guidance Opinion of the General Office of the State Council on the Improvement of the Drug Centralized Procurement Work of 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》) promulgated and came into effect on February 9, 2015, the centralized procurement work of public hospitals will be improved through the classification purchase of drugs. All drugs used by public hospitals (with the exception of traditional Chinese medicine decoction pieces) should be procured through a provincial centralized pharmaceutical procurement platform. The provincial procurement agency should work out a summary of the procurement plans and budget submitted by hospitals and compile reasonably a drug procurement catalog of the hospitals with its own administration region, listing by classification the drugs to be procured through bids, negotiations, direct purchases by hospitals or to be manufactured by appointed manufacturers.

Volume-based Procurement of Drugs

On November 15, 2018, the Joint Procurement Office, formed by representatives from pilot regions for the national volume-based procurement (the “VBP”) of drugs (comprising Beijing, Tianjin, Shanghai, Chongqing, and 11 other cities including Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xi’an (the “4+7 Cities”)), issued the 4+7 Cities VBP Document (《4+7城市藥品集中採購文件》). This document initiated a pilot program for nationwide volume-based procurement of drugs with minimum purchase quantities within the 4+7 Cities.

On January 1, 2019, the General Office of the State Council issued the Notice of the General Office of the State Council on Printing and Distributing the National VBP and Use Pilot Program (《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》), which set out detailed measures for implementing the nationwide VBP pilot program with minimum purchase quantities in the 4+7 Cities. In principle, the pilot program for VBP and use shall select pilot drugs from generic drugs that have passed consistency evaluation under their respective generic drugs.

The procurement procedure varies depending on the number of manufacturers meeting the qualification criteria for each drug: for drugs with three or more qualified manufacturers, a bidding process is adopted; for drugs with two qualified manufacturers, a price negotiation process is used; and for drugs with only one qualified manufacturer, a negotiation-based procurement method is applied.

According to the Implementation Opinions on Expanding the Regional Scope of the National VBP and Use Pilot Program (《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》), issued and effective on September 25, 2019, the VBP program was expanded nationwide. The VBP program will be implemented on a nationwide basis. Eligible participants include all drug manufacturers, sole agents of imported drugs and holders of marketing authorisations for drugs, provided that they own the drugs covered by the VBP program.

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The Notice on Carrying Out the Second Batch of National VBP and Use Work (《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》), which came into effect on January 13, 2020, established several principles for implementing the national VBP program to deepen reform and build a standardized, routine drug procurement program nationwide.

On January 22, 2021, the General Office of the State Council issued the Opinions on Promoting the Normalization and Institutionalization of the VBP of Drugs (《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》), the “Normalization Opinions”, which stated that various measures would be adopted to promote the normalization and institutionalization of nationwide VBP. All public medical institutions are required to participate in the VBP program. The procurement program will focus on drugs with high demand and high procurement costs in the National Essential Medicines List, gradually covering clinically necessary, reliable quality drugs available on the domestic market. Future procurement lists are expected to include widely demanded or high-priced drugs in the National Medical Insurance List, aiming to encompass as many clinically necessary and high-quality drugs as possible.

According to the Normalization Opinions, VBP is to be carried out in a tiered manner. The state will organize centralized VBP for certain drugs that have passed consistency evaluation and conduct special procurement based on market conditions while guiding local authorities in their procurement efforts. Provincial-level regions (provinces, autonomous regions and municipalities) are responsible for independently conducting or forming alliances with other provinces for centralized VBP of drugs not included in the national VBP scope. They are also tasked with guiding eligible prefecture-level regions to conduct procurement. Prefecture-level regions are expected to independently or collaboratively conduct VBP for drugs not covered by upper-level organizations, according to their provincial arrangements. For drugs not yet included in the government-organized VBP scope, medical institutions may independently or delegate procurement via the provincial-level drug procurement platform.

Drug Price

Pursuant to the Drug Administration Law (《藥品管理法》), for drug products with market-regulated prices in accordance with the law, the drug marketing authorization holder, the drug manufacturer, the drug distributor and medical institution shall determine the price pursuant to the principles of fairness, reasonableness, integrity and trustworthiness as well as quality for value in order to supply drug users with reasonably priced drug products; and shall comply with the requirements relating to drug price administration promulgated by the State Council’s pricing authorities, determine and clearly mark the retail prices of drug products. Pursuant to the Notice on Issuing Opinions on Promoting Drug Price Reform (《關於印發<推進藥品價格改革意見>的通知》) jointly promulgated by the NDRC, the NHC, the Ministry of Human Resources and Social Security, the Ministry of Industry and Information Technology of the People’s Republic of China (“MIIT”), the MOF, the MOFCOM and the CFDA on May 4, 2015 and came into effect since June 1, 2015. From June 1, 2015, except for narcotic drugs and first-class psychotropic drugs, the price of drugs set by the government will be cancelled.

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Two-invoice System

In order to further optimize the order of purchasing and selling pharmaceutical products and reduce circulation steps, as required at the executive meeting of the State Council dated April 6, 2016 and under the 2016 List of Major Tasks in Furtherance of the Healthcare and Pharmaceutical Reforms (《深化醫療衛生體制改革2016年重點工作任務》) issued by the General Office of the State Council on April 21, 2016, the “two-invoice system” (兩票制) will be fully implemented in the PRC. According to the Circular on Issuing the Implementing Opinions on Carrying out the Two-invoice System for Drug Procurement among Public Medical Institutions (for Trial Implementation) 《印發<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)>的通知》) (the “Circular”), which was effective from December 26, 2016, the two-invoice system means one invoice between the pharmaceutical manufacturer and the pharmaceutical distributor, and one invoice between the pharmaceutical distributor and the hospital, and thereby only allows a single level of distributor for the sale of pharmaceutical products from the pharmaceutical manufacturer to the hospital. According to the Circular, the “two-invoice system” will be promoted in pilot provinces (autonomous regions and municipalities directly under the Central Government) involved in the comprehensive medical reform program and pilot cities for public hospital reform on a priority basis, while other regions are encouraged to implement the “two-invoice system”, so that such system can be promoted in full swing nationwide in 2018.

Import and Export of Goods

Pursuant to the Provisions of the PRC for the Administration of Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and became effective on January 1, 2022, customs declaration entities refer to consignees or consignors of imported or exported goods or customs declaration enterprises that have filed for record with Customs in accordance with the Provisions. Consignors or consignees of imported or exported goods or customs declaration enterprises that apply for record-filing shall obtain market entity qualifications.

Pursuant to the Regulation of the People’s Republic of China on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) (hereinafter referred to as the “Regulation on the Administration of the Import and Export of Goods”) promulgated by the State Council on December 10, 2001 and latest amended on March 10, 2024, enterprises engaged in the import of goods to the customs territory of the People’s Republic of China or export of goods from the customs territory of the People’s Republic of China, shall comply with the Regulation on the Administration of the Import and Export of Goods. For goods that are prohibited from importation or exportation, they cannot be imported or exported; for goods that are subject to import or export restrictions, a license or quota management system shall be implemented; for goods that are freely imported or exported, there is no restriction. The import and export business operator shall present the automatic import and export licenses, import and export license or the quotas certificate issued by the administrative departments of import quotas to the customs offices for handling the formalities of customs declaration and examination.

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Import and Export of Special Articles

Pursuant to the Administrative Provisions on the Sanitation and Quarantine of Entry/Exit Special Articles (《出入境特殊物品衛生檢疫管理規定》) (Order No. 160 of the General Administration of Quality Supervision, Inspection and Quarantine, latest amended on November 23, 2018), the import or export of special articles, including micro-organisms, human tissues, biological products, blood and blood products shall be subject to the supervision and administration over health quarantine. The customs office is responsible for the health quarantine and approval of import and export of special articles in its relevant jurisdictions. The enterprise conducting import or export of special articles shall establish safety management system for special articles, and shall produce, use or sell the special articles in strict accordance with the purposes for the approval of such special articles.

Export of Drugs

Pursuant to the Reply by the NMPA on Certain Issues of Pharmaceutical Products Export (《國家藥品監督管理局關於藥品出口有關問題的批覆》), both promulgated on and effective from September 20, 1999, enterprise’s right to operate import and export of pharmaceutical products and the qualification shall be decided by the foreign trade authority. Export of pharmaceutical products shall mainly comply with the requirements of the importing country, so long as there is no special requirement by the importation country, the NMPA would support the export in principle based on the national policy of encouraging exports. However, pursuant to the PRC Drug Administration Law, the export license issued by the NMPA is required for the export of narcotics and psychotropic drugs prescribed by the PRC.

Product Liability

The Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) (the “Product Quality Law”), promulgated by the Standing Committee of the NPC on February 22, 1993 and latest amended on December 29, 2018, is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them, and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable for compensating for any bodily injuries or property damages, other than the defective product itself, resulting from the defects in the product, unless the manufacturer is able to prove that (1) the product has never been distributed; (2) the defects causing injuries or damages did not exist at the time when the product was distributed; or (3) the science and technology at the time when the product was distributed was at a level incapable of detecting the defects. A seller shall be liable for compensating for any bodily injuries or property damages of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate either the manufacturer or the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

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On May 28, 2020, the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) was adopted by the third session of the 13th NPC, which came into effect on January 1, 2021. According to the Civil Code of the PRC, a patient may make a claim against the drug marketing authorization holder, a medical institution or producer for any damage arising from defects of drugs.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and latest amended on October 25, 2013 to protect consumers’ rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Where the goods or services provided by a business operator do not satisfy quality requirements, the consumer may require the business operator to perform replacement or repair obligations.

Drug Advertisement

Pursuant to the Advertisement Law of the People’s Republic of China (《中華人民共和國廣告法》), which was promulgated by Standing Committee of the NPC on October 27, 1994 and effective from February 1, 1995 and latest amended and effective from April 29, 2021, advertisements shall not contain false statements or be deceitful or misleading to consumers. Advertisements relating to pharmaceuticals and medical devices, shall be reviewed by relevant authorities in accordance with applicable rules before being distributed by broadcasting, movies, television, newspapers, journals or otherwise. The Advertisement further stipulates that advertisements for medical treatment, pharmaceutical products or medical devices shall not contain: (i) any assertion or guarantee for efficacy and safety; (ii) any statement on cure rate or effectiveness rate; (iii) any comparison with the efficacy and safety of other pharmaceutical products or medical devices or with other healthcare institutions; (iv) recommendation or endorsement of an advertising endorser; or (v) other items as prohibited by laws and regulations.

Pursuant to the Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》) which was promulgated by the State Administration of Industry and Commerce on July 4, 2016 and became effective as of September 1, 2016, the Internet advertisement must be visibly marked as “advertisement”. Advertisements for special commodities or services such as medical treatment, pharmaceuticals, foods for special medical purposes, medical instruments, agrochemicals, veterinary medicines and other health foods must be reviewed by competent authorities before online publication. On February 25, 2023, the SAMR promulgated the Measures for Administration of Internet Advertising (《互聯網廣告管理辦法》) (the “Internet Advertising Measures”), which replaced the Interim Measures for the Administration of Internet Advertisement, and came into effect as of 1 May 2023. Pursuant to the Internet Advertising Measures, Internet advertisers are prohibited from publishing advertisements of prescription drugs on the Internet. Besides, Internet advertisers are prohibited from publishing advertisements for medical treatment, drugs, medical devices, health food and formula food for special medical purposes in disguised form by way of introducing knowledge on health or health maintenance. When introducing knowledge on

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health or health maintenance, the address, contact information, shopping links and other contents of sellers or service providers of relevant medical treatment, drugs, medical devices, health food, or formula food for special medical purposes shall not be presented on the same page or together with other contents.

Pursuant to the Measures for Administration of Medical Advertisement (《醫療廣告管理辦法》), which were jointly promulgated by the SAIC and the Ministry of Health on November 10, 2006 and effective on January 1, 2007, medical advertisements shall be reviewed by relevant health authorities and obtain a Medical Advertisement Examination Certificate (《醫療廣告審查證明》) before being released. Medical Advertisement Examination Certificate is valid for one year and maybe renewed upon application.

Pursuant to the Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods 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》) which were promulgated by the State Administration for Market Regulation on December 24, 2019 and became effective from March 1, 2020, for medical devices advertisement to be released and published, a manufacturer of medical devices shall obtain an approval from the provincial medical products administrations. In addition, the content of advertisements for medical devices is subject to certain guidelines as approved by the NMPA or its local counterparts at provincial level.

Pursuant to the Measures Regarding the Administration of Drug Information Service through the Internet (《互聯網藥品信息服務管理辦法》), which was promulgated by the CFDA and effective from July 8, 2004, and amended and effective from November 17, 2017, the Internet drug information services, referring to that of providing medical information (including medical devices information) services to Internet users through the Internet, are classified into two categories, namely, profit-making services and non-profit services. Any website intending to provide drug information services through Internet shall be approved by the provincial medical products administrations before applying for an operation permit or record-filing from the authority in charge of information industry under the State Council or the administration of telecommunication at the provincial level.

Insert Sheet, Labels and Packaging of Drugs

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品說明書和標籤管理規定》), which promulgated by CFDA and came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the CFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval

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number and drug manufacturer. Pursuant to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its standards and put into implementation after obtaining the approval of the food and drug administration and bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs that without packing standards must not be sold or traded (except for drugs for the military).

Drug Technology Transfer

Drug technology transfer refers to the process in which the owner drug manufacturing enterprise as transferee of drug technology transfers the drug production technology to the transferee drug manufacturing enterprise in accordance with the requirements of the relevant laws and regulations on drug technology transfer, and the application for drug registration by the transferee drug manufacturing enterprise. The standards for the process of drug technology transfer registration, including the application, evaluation, review, approval and supervision and administration of drug technology transfer registration, are regulated by the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) and the Administrative Provisions on Drug Technology Transfer Registration (《藥品技術轉讓註冊管理規定》) promulgated by the CFDA on August 19, 2009. According to the above regulations, drug technology transfer is divided into new drug technology transfer and drug production technology transfer. Applications for drug technology transfer shall be submitted to the drug regulatory authorities at the provincial level, and the CFDA shall make the final approval decision based on the comprehensive opinions of the Centre for Drug Evaluation. If the requirements are met, the supplemental application approval document and the drug approval number shall be issued.

Laws and Regulations on Intellectual Properties

Patent

Patents in the PRC are mainly protected by the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and became effective on June 1, 2021, and the Implementation Rules of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on June 15, 2001 and latest amended on December 11, 2023. The Patent Law of the People’s Republic of China and its Implementation Rules provide for three types of patents, “invention”, “utility model” and “design.” “Invention” refers to any new technical solution relating to a product, a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and “design” refers to a new design of the shape, pattern, or a combination thereof, as well as a combination of the color, shape and pattern, of the entirety or a portion of a product, which creates an aesthetic feeling and is fit for industrial application. The duration of a patent right for “invention” is twenty years, the duration of a patent right for “utility model” is ten years, and

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the duration of a patent right for “design” is fifteen years, from the date of application. For the purpose of making up the time required for the assessment and approval of the marketing of a new drug, the patent administrative department of the State Council may, at the request of the patentee, provide patent term extension for an invention patent relating to the new drug approved for marketing in China. The extension may not exceed five years, and the total effective term of the patent after the new drug is approved for marketing shall not exceed 14 years. According to the Patent Law of the People’s Republic of China, for the purpose of public health, the patent administrative department of the State Council may grant mandatory licensing to manufacture and export patented drugs to countries or regions in comply with provisions of the relevant international treaty participated by the PRC.

Trade Secret

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 SCNPC in September 1993 and latest amended on April 23, 2019, the term “trade secret” refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law of the People’s Republic of China, business persons are prohibited from infringing others’ trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fines on the infringing parties.

Trademark

Pursuant to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019 and became effective on November 1, 2019, the period of validity for a registered trademark is ten years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is ten years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative

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authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided in accordance with applicable laws.

Copyright

Copyright in the PRC is primarily protected by the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, latest amended on November 11, 2020 and became effective on June 1, 2021, and Implementation Regulations of the Copyright Law of People’s Republic of China (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and latest amended on January 30, 2013. These laws and regulations provide provisions on the classification of works and the obtaining and protection of copyright.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Communications administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of “first apply, first register.” A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

Laws and Regulations on Labor and Employee Incentives

Labor, Social Insurance and Housing Provident Funds

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), which was promulgated by the SCNPC in July 1994 and latest amended and came into effect in December 2018, the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC in June 2007 and amended in December 2012 and came into effect in July 2013, and the Implementing Regulations of the Labor Contracts Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and came into effect in September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages shall not be lower than local minimum wages. The employers must establish a system for labor safety and sanitation, strictly comply with national rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with national rules, and carry out regular health examinations for employees engaged at work involving occupational hazards.

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According to the Social Insurance Law of People’s Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC in October 2010 and latest amended and came into effect in December 2018, and the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council in January 1999 and latest amended in March 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council in April 1999 and latest amended in March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance and to housing provident funds. Any employer who fails to make the required contributions may be fined and ordered to compensate the deficit within a stipulated time limit. The Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發<降低社會保險費率綜合方案>的通知》), promulgated by the General Office of the State Council and came into effect on April 1, 2019, clearly requires that the historical unpaid arrears of the enterprises shall be properly treated, and in the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

On July 31, 2025, the Supreme People’s Court issued Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)), which took effect on September 1, 2025. It stipulates that where an employer and a worker agree or a worker undertakes to an employer that there is no need to pay social insurance premiums, the people’s court shall determine that such an agreement or undertaking is invalid. If the employer fails to pay social insurance premiums in accordance with the law, and the worker files a claim for rescission of the labor contract and payment of economic compensation by the employer in accordance with Article 38(3) of the Labor Contract Law, the people’s court shall support such a claim in accordance with the law. Under the circumstances specified in the preceding paragraph, if the employer, after making up the social insurance premiums in accordance with the law, claims that the worker shall return the paid compensation for social insurance premiums, the people’s court shall support such a claim in accordance with the law.

The Prevention and Control of Occupational Diseases Law of the People’s Republic of China (《中華人民共和國職業病防治法》) (the “Prevention and Control of Occupational Diseases Law”), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018, is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

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Laws and Regulations on Environmental Protection

Environment Protection

The Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) (the “Environmental Protection Law”), which was promulgated by the SCNPC on December 26, 1989, came into effect on the same day and latest amended on April 24, 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment of the People’s Republic of China (“MEE”) is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, a construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction. According to the Environmental Impact Appraisal Law of People’s Republic of China (《中華人民共和國環境影響評價法》) (the “Environmental Impact Appraisal Law”), which was promulgated by the SCNPC on October 28, 2002 and latest amended on December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Management of Pollutant discharge

Pursuant to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment of the PRC and became effective on December 20, 2019, the State implements the primary management, simplified management and registration management of pollutant discharge permits based on the pollutant production, emission amount and the extent of environmental impact of the pollutant discharge entities. A pollutant discharge unit under registration management does not need to apply for a pollutant discharge permit.

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Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, based on the quantity of pollutants generated and discharged, their impacts on the environment and other factors, categorical administration of pollutant discharge permit system is implemented to regulate pollutant-discharging entities: (1) key administration of pollutant discharge permits shall be implemented for pollutant discharging entities which generate and discharge relatively large quantities of pollutants or have a relatively serious impact on the environment; and (2) administration of pollutant discharge permits shall be simplified for pollutant discharging entities which generate and discharge relatively small quantities of pollutants and have a relatively small impact on the environment. The entities that generate and discharge relatively small quantities of pollutants and have a relatively small impact on the environment shall fill in the pollutant discharge registration form and are no longer required to obtain a pollutant discharge permit. Entity that is required to fill in the pollutant discharge registration form shall report the basic information, pollutant discharge destination, pollutant discharge standards implemented, waste prevention and control measures adopted and other information to the national pollutant discharge permit information platform. If the information reported is changed, it shall be changed in the platform within 20 days as of the date when such change occurs.

According to the Measures for the Management of Pollutant Discharge Permits (《排污許可管理辦法》) issued by the MEE on April 1, 2024, and came into effect on July 1, 2024, enterprises, institutions, and other producers and business operators that are subject to pollutant discharge permit management shall apply for and obtain a pollutant discharge permit, and discharge pollutants in accordance with the provisions of the pollutant discharge permit. Those that have not obtained a pollutant discharge permit shall not discharge pollutants.

Regulations on Information Security and Data Privacy

Data security and data export

The NPCSC 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. To clarify the data outbound transfer regulatory mechanism established by the Cybersecurity Law, the Data Security Law, and the Personal Information Protection Law, on July 7, 2022, the Cyberspace Administration of China (the “CAC”) issued the Measures for the Security Assessment of Data Outbound Transfers (《數據出境安全評估辦法》), which took effect on September 1, 2022. The Measures set out the provisions and procedures for the security assessment of the outbound transfer of important data or personal information collected and generated within China. On February 22, 2023, the CAC introduced the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》), which took effect on June

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1, 2023, clarifying that personal information processors conducting outbound transfers of personal information through standard contracts must meet certain conditions and file the signed standard contracts with the provincial-level cyberspace administration departments in their locations. On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-order Data Flow (《促進和規範數據跨境流動規定》) (the “Promotion Provisions”), further adjusting the scope, exemptions and procedures applicable to the security assessment of data outbound transfers and the filing mechanism for standard contracts for the outbound transfer of personal information. By this point, China’s regulatory framework for data outbound transfers had largely taken shape. According to the aforementioned measures and provisions, data processors providing data overseas that meet any of the following conditions shall apply for a security assessment of data outbound transfers through the provincial-level cyberspace administration departments in their locations to the national cyberspace administration department: (1) operators of critical information infrastructure providing personal information or important data overseas; and (2) data processors other than operators of critical information infrastructure providing important data overseas, or cumulatively providing personal information (excluding sensitive personal information) of more than 1 million individuals or sensitive personal information of more than 10,000 individuals overseas since January 1 of the current year, unless exempt under the circumstances specified in Articles 3 to 6 of the Promotion Provisions. Data processors other than operators of critical information infrastructure shall file standard contracts for the outbound transfer of personal information with overseas recipients or obtain personal information protection certification in the following scenarios: (1) cumulatively providing personal information (excluding sensitive personal information) of more than 100,000 individuals but less than 1 million individuals overseas since January 1 of the current year; (2) cumulatively providing sensitive personal information of less than 10,000 individuals overseas since January 1 of the current year, unless exempt under the circumstances specified in Articles 3 to 6 of the Promotion Provisions.

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, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people’s personal information, and must 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 NPCSC 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 NPCSC on November 7, 2016 and effective on June 1, 2017, network operators must 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

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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.

The NHC released the Administrative Measures on the Standards, Security and Service of National Health and Medical Big Data (Trial) (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》) (the “Health and Medical Big Data Measures”) on July 12, 2018. The Health and Medical Big Data Measures stipulate the guidelines and principles for standard management, security management and service management of health and medical big data. According to the Health and Medical Big Data Measures, medical and health institutions at all levels and related enterprises and institutions should adopt data classification, important data backup, encryption authentication and other measures to ensure the security of health and medical big data. Health and medical big data should be used in accordance with laws and regulations. Data-related information should provide secure information query and copy channels to ensure privacy protection and data security; data access and use permissions of users at different levels should be strictly regulated to ensure that data is used within the scope of authorization. No unit or individual may use or publish health and medical big data without authorization or beyond the scope of authorization, and it is prohibited to obtain data through illegal means. When various types of medical and health institutions at all levels and related service institutions disclose health and medical big data to the public, they must abide by relevant national regulations and must not disclose state secrets, business secrets and personal data, and must not infringe on national interests, public interests and legitimate rights and interests of citizens, legal persons and other organizations.

Laws and Regulations on Anti-money Laundering, Anti-corruption and Anti-bribery

Laws and Regulations on Anti-money Laundering

According to the Anti-money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》) 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

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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 on Anti-corruption

According to the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》), latest amended 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, 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 ten 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 ten years or life imprisonment and shall be fined concurrently.

Laws and Regulations on 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 SCNPC, as amended and effective 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 SAIC 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.

Pursuant 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 bribes by the relevant government authorities, as a result of which, for two years from the date the list of adverse records of commercial bribes 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 bribes is published. In May 2023, 14 government authorities, including the NHC, jointly

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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.

In May 2024, 14 government authorities, including the NHC, jointly issued the Key Points for Rectifying Unethical Practices in the Purchases and Sales of Medical Products and Medical Services in 2024 (《2024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 improving the market-driven mechanism for pharmaceutical pricing, strengthening supervision and enforcement of pharmaceutical pricing practices, and conducting special audits of public hospitals and the production, distribution, and use of pharmaceuticals and medical devices. It targeted illegal practices such as falsified invoices, fake transactions, and fabricated activities used to misappropriate funds for unlawful purposes, and called for strict investigations into violations involving bundled sales or sales with kickbacks under the guise of meetings, donations, research collaborations, clinical trials, or promotional activities. Furthermore, it highlighted the importance of strengthening compliance guidelines for pharmaceutical manufacturers and distributors to prevent commercial bribery, urging them to fulfill their responsibilities for compliant operations. Additionally, it advised industry organizations to take their role in promoting industry development seriously and enhance internal management, emphasizing the need to improve entry standards and behavioral guidance, continuously refine the management of medical representatives, and build a systematic regulatory framework to prevent commercial bribery in the purchase and sale of medical devices.

Laws and Regulations on Foreign Exchange and Taxation

Foreign Exchange

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 latest amended on 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.

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On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the “SAFE Circular 59”), which came into effect on December 17, 2012, latest amended on 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, as well multiple capital accounts for the same entity may be opened in different provinces. 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》) on February 13, 2015, which was partially abolished on December 30, 2019 and prescribed that the bank instead of the SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while the 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》) (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 the SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by the SAFE and its branches.

According to the Notice of the State Administration of Foreign Exchange on 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》) issued by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other 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》) (the “SAFE Circular 19”) promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019, 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

REGULATORY OVERVIEW

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 estate not for self-use purposes (save for real estate enterprises).

On June 9, 2016, the 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》) (the “SAFE Circular 16”), which came into effect on the same day. 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).

On October 23, 2019, the 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). This 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.

Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) (the “EIT Law”), promulgated by the NPC on March 16, 2007, came into effect on January 1, 2008 and latest amended on December 29, 2018, as well as the Implementation Rules of the EIT Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) (the “Implementation Rules”), promulgated by the State Council on December 6, 2007, came into force on January 1, 2008 and latest amended on December 6, 2024, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its Implementation Rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. And non-resident enterprises refer to enterprises that are legally established

REGULATORY OVERVIEW

under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such incomes are obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites, but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value-Added Tax

The major PRC law and regulation governing value-added tax are the Interim Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例》) issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and latest amended on November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例實施細則》) issued on December 25, 1993 by the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部) (the “MOF”), came into effect on the same day and latest amended on October 28, 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the STA issued the Notice of on Adjusting VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《財政部、國家稅務總局關於深化增值稅改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

REGULATORY OVERVIEW

The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in Chinese Mainland. In addition, the overseas securities offering and listing will be considered an indirect overseas offering by a PRC domestic company if the issuer meets both of the following criteria: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by a domestic company; and (ii) the main parts of the issuer’s business activities are conducted in Chinese Mainland, or its main place(s) of business are located in Chinese Mainland, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in Chinese Mainland.

Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for initial public offering is submitted to competent overseas securities regulators.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Tracing our origins to 1989, we are among the earliest biopharmaceutical companies in China and one of the first Industrialization Bases of the National “863” Plan. Over the years, our Group has evolved into an innovation-driven biopharmaceutical company with international reach, specializing in the R&D, manufacturing and commercialization of recombinant proteins, antibodies and targeted-delivery therapies.

In August 2019, our Company was converted into a joint stock company with limited liability. Since December 2020, our A Shares have been listed on the STAR Market under the stock code 688136.

BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
1989	We commenced operation through Shenzhen Kexing Biological Products Company (深圳科興生物製品公司), our predecessor, as an industrial base for interferon production.
1996	Our SINOGEN (赛若金®) Human Interferon α 1b for Injection was approved for production as a Class I biological product.
1997	Our Company was established as an industrial platform for recombinant human erythropoietin.
1998	Our EPOSINO (依普定®) Human Erythropoietin Injection was approved for production as a Class II biological product.
1999	Our WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection was approved for production.
2000	We were recognized by the Ministry of Science and Technology as an Industrialization Base of National “863 Plan” (國家863計劃成果產業化基地).
2001	Our CLOBICO (常乐康®) Combined Live Clostridium Butyricum and Bifidobacterium Powder/Capsule was approved for production.
	We sold our first batch of human erythropoietin overseas, marking the commencement of our overseas market expansion

HISTORY AND CORPORATE STRUCTURE

Year	Event
2017	Our technology center was recognized as a Shandong Provincial Enterprise-level Technology Center (山東省企業技術中心).
2020	Our A Shares were listed on the STAR Market (stock code: 688136).
2021	We obtained the global commercialization rights (excluding the United States) of albumin-bound paclitaxel from Zhejiang Haichang Biotech Co., Ltd. (浙江海昶生物醫藥股份有限公司), embarking on our product in-licensing strategy.
2024	Our paclitaxel for injection (albumin-bound) production line at our Jinan manufacturing base obtained GMP certification in accordance with the relevant regulations of the European Medicines Agency, rendering the medicine eligible for market access in the EU. We were recognized as a “Shandong Provincial-level Waste-free Factory for 2024” (2024年度山東省省級無廢工廠) and “Shandong Provincial-level Green Factory for 2024” (2024年度山東省省級綠色工廠).

HISTORY AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

The following sets out the details of our subsidiaries that made or are expected to make a material contribution to our results of operations.

Name	Date of establishment	Place of establishment	Principal business activities	Equity interest attributable to our Group
Kexing Pharmaceutical . .	March 23, 2018	PRC	Production, sales and R&D of pharmaceutical products	100%
Qingdao Tuoyi Technology Co., Ltd. (青島拓益科技有限公司)	March 24, 2022	PRC	Pharmaceutical promotion services	100%
Kexing Risedo Pharm Co., Ltd. (深圳科興醫藥有限公司).	September 23, 2022	PRC	Sales of pharmaceutical products	100%

For further details of our subsidiaries, see “— Corporate Structure.” For changes in the registered capital of our subsidiaries, see “Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Capital of Our Subsidiaries” in Appendix V.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of our Company

On August 22, 1997, our Company was established as a sino-foreign equity joint venture under the laws of the PRC. As of our establishment, our Company has a registered capital of RMB61,000,000, held by Shenzhen Yongming Industrial Co., Ltd. (深圳市永銘實業有限公司) as to 26.00%, Vivogen Pte Ltd. (新加坡偉沃生物技術開發公司) as to 25.00%, Zhangqiu Economic and Technological Development Investment Corporation (章丘市經濟技術開發投資總公司) as to 19.60%, Hainan Yalong Industrial Corporation (海南亞龍實業總公司) as to 14.70% and Beijing Biotech Technical Development Co., Ltd. (北京百奧特技術開發有限責任公司) as to 14.70%.

After a series of share transfers in October 2012 and September 2017, Zhengzhong Industry Holding Group Co., Ltd. (正中產業控股集團有限公司, “**Zhengzhong Industry Holding**”), which in turn was wholly owned by Genzon Investment, acquired all shares in our Company and became our sole Shareholder. In December 2018, our Company underwent two rounds of capital increases, upon completion of which our registered capital increased to RMB149,025,350. In April 2019, Zhengzhong Industry Holding transferred its entire equity interest in our Company to Shenzhen Keyi for nominal consideration.

HISTORY AND CORPORATE STRUCTURE

Conversion into a Joint Stock Company

On August 8, 2019, our Company was converted into a joint stock company. Upon completion of the conversion, our Company had a total issued share capital of RMB149,025,350 divided into 149,025,350 Shares. The shareholding structure of our Company immediately following our conversion into a joint stock company was as follows:

Shareholder	Number of Shares	Percentage shareholding
Shenzhen Keyi	131,778,347	88.43%
Shenzhen Hengjian Enterprise Management Partnership (Limited Partnership) (深圳市恒健企業管理合夥企業(有限合夥), “Shenzhen Hengjian”) ⁽¹⁾	9,230,790	6.19%
Shenzhen Yuzao Enterprise Management Partnership (Limited Partnership) (深圳市裕早企業管理合夥企業(有限合夥), “Shenzhen Yuzao”) ⁽²⁾	8,016,213	5.38%
Total	149,025,350	100.00%

Notes:

- (1) Upon our Company’s conversion into a joint stock company, Shenzhen Hengjian was held by Mr. Zhao Xuejun (趙學軍) as the executive partner as to 30.78% and other Independent Third Parties, none of whom owned 9% or more of its partnership interest. Shenzhen Hengjian was deregistered on September 13, 2024.
- (2) Upon our Company’s conversion into a joint stock company, Shenzhen Yuzao was held by Mr. He Shehui (何社輝) as the executive partner as to 26.59%, Mr. Zhao Yanqing (趙彥輕) as to 9.30%, Ms. Cui Ning (崔寧) as to 6.21%, Ms. Ma Hongjie (馬鴻傑) as to 5.58%, Mr. Huang Kaikun (黃凱昆) as to 4.65%, Ms. Wang Xiaoqin (王小琴) as to 3.03%, and other Independent Third Parties, none of whom owned 3% or more of Shenzhen Yuzao’s partnership interests. Shenzhen Yuzao was deregistered on September 20, 2024.

HISTORY AND CORPORATE STRUCTURE

Listing on the STAR Market

On December 14, 2020, our A Shares were listed on the STAR Market under the stock code 688136. In connection with the A Share listing, we issued an aggregate of 49,675,300 A Shares, accounting for approximately 25.00% of our then enlarged share capital, raising net proceeds of RMB994.6 million. The shareholding structure of our Company immediately following our A Share listing was as follows:

Shareholder	Number of Shares	Percentage shareholding
Shenzhen Keyi	131,778,347	66.32%
Shenzhen Hengjian	9,230,790	4.65%
Shenzhen Yuzao.	8,016,213	4.03%
Changjiang Wealth – Kexing Pharmaceutical Employee Strategic Placement Collective Asset Management Plan (長江財富-科興製藥員工戰略 配售集合資產管理計劃, “ Changjiang Plan ”) ⁽¹⁾ .	4,967,530	2.50%
Other A Shareholders.	44,707,770	22.50%
Total	198,700,650	100.00%

Note:

- (1) A total of 32 senior management members and key employees of our Company participated in our A Share initial public offering through the Changjiang Plan, which was managed by Shanghai Changjiang Wealth Asset Management Co., Ltd. (上海長江財富資產管理有限公司), an independent asset manager. As of our A Share listing, participants of the Changjiang Plan included Mr. Zhao Yanqing (趙彥輕, our executive Director who owned 14.27% of its equity interest), Ms. Wang Xiaoqin (王小琴, our executive Director, 11.96%), Ms. Ma Hongjie (馬鴻傑, our deputy general manager, 9.25%), Ms. Cui Ning (崔寧, our executive Director, 6.26%), Mr. Huang Kaikun (黃凱昆, our non-executive Director, 2.78%), and other Independent Third Parties none of whom owned 8% or more of the equity interest in the Changjiang Plan. Pursuant to the asset management agreement, the asset manager is entitled to, among other things, manage and operate the underlying assets and make investment decisions independently as well as exercise relevant shareholder’s rights in its own name, thus is the actual controlling entity of the Changjiang Plan.

As of the Latest Practicable Date, no A Shares of our Company were subject to any lock-up arrangements in connection with our A Share listing.

Restricted Share Incentive Plans

For the purposes of attracting and retaining talents and motivating our employees, our Shareholders adopted the 2022 Restricted Share Incentive Plan and 2024 Restricted Share Incentive Plan on May 19, 2022 and June 14, 2024, respectively, pursuant to which grantees of restricted Shares would be entitled to acquire, upon satisfaction of the relevant vesting conditions, newly issued A Shares at the grant price in tranches. All restricted Shares granted under the 2022 Restricted Share Incentive Plan have been vested and/or cancelled and no new

HISTORY AND CORPORATE STRUCTURE

A Shares will be issued pursuant to the 2022 Restricted Share Incentive Plan. No new restricted Shares will be granted pursuant to the 2024 Restricted Share Incentive Plan after [REDACTED]. For details of the 2024 Restricted Share Incentive Plan, see “Statutory and General Information — D. 2024 Restricted Share Incentive Plan” in Appendix V.

Share Repurchases

From February to May 2024, we repurchased an aggregate of 1,880,572 A Shares to safeguard our Company’s value and Shareholders’ interests. If such repurchased A Shares are not resold and transferred out of treasury within three years from the announcement of the results of repurchase and changes in our Shares, all such unutilized A Shares will be cancelled.

On March 17, 2025, our Board approved a repurchase mandate for the purpose of implementing employee share ownership plans or equity incentive schemes for a period of 12 months. As of October 31, 2025, we repurchased an aggregate of 1,319,333 A Shares. If such repurchased A Shares are not utilized within three years from the announcement of the results of repurchase and changes in our Shares, all such unutilized A Shares will be cancelled. If our Company adopts any share scheme(s) which will be funded by such repurchased A Shares after [REDACTED], such A Shares may be transferred out of treasury for the purpose of and pursuant to such share scheme(s), and our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

OUR A SHARE LISTING AND REASONS FOR THE H SHARE [REDACTED]

Since December 2020, our A Shares have been listed on the STAR Market. Our Directors confirm that, since our A Share listing and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the STAR Market and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to our compliance record on the STAR Market that should be brought to the attention of the Stock Exchange or potential investors of the [REDACTED]. Based on the independent due diligence conducted by the Sole Sponsor with the assistance of the Sole Sponsor’s onshore and offshore counsel teams, nothing has come to the Sole Sponsor’s attention that would cause it to disagree with our Directors’ confirmation with regard to the compliance records of our Company on the STAR Market.

We seek to [REDACTED] our H Shares on the Stock Exchange to deepen our “Innovation + Internationalization” strategy, accelerate the development of our overseas business, improve our comprehensive competitiveness and international brand image, and to optimize our capital structure and diversify our financing channels through international capital markets. See “Business — Growth Strategies” and “Future Plans and Use of Proceeds” for more details.

HISTORY AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Our A Shares are listed on the STAR Market. Pursuant to Rule 19A.13A(2) of the Listing Rules, the portion of H Shares for which [REDACTED] is sought that are held by the public, at the time of [REDACTED], must (a) represent at least 10% of our total number of issued Shares (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

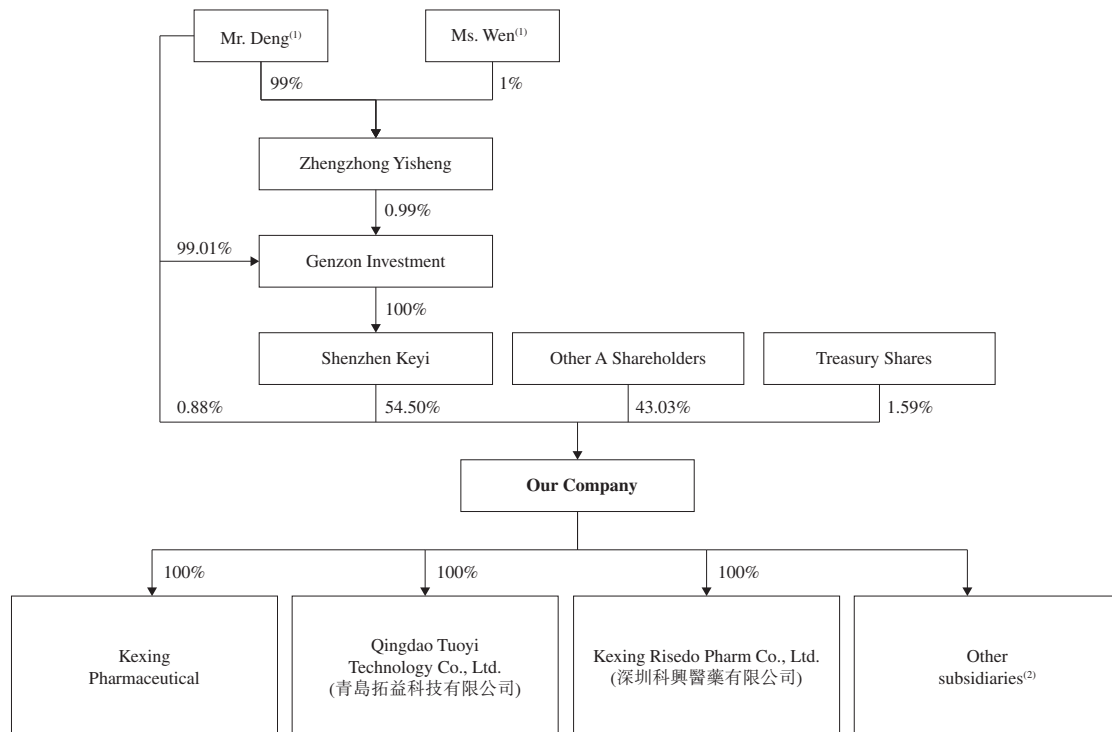
Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), the number of H Shares that are expected to be held by the public for the purpose of Rule 8.24 of the Listing Rules represents [REDACTED]% of our total issued Shares (excluding the 3,199,905 A Shares held by our Company as treasury Shares), which is higher than the minimum prescribed public float percentage applicable to our Shares under Rule 19A.13A(2) of the Listing Rules. Accordingly, our Company is expected to satisfy the applicable public float threshold upon [REDACTED].

Based on an [REDACTED] of HK\$[REDACTED] per H Share, being the minimum [REDACTED], our Company is expected to satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth a simplified shareholding and corporate structure of our Group immediately before the [REDACTED].



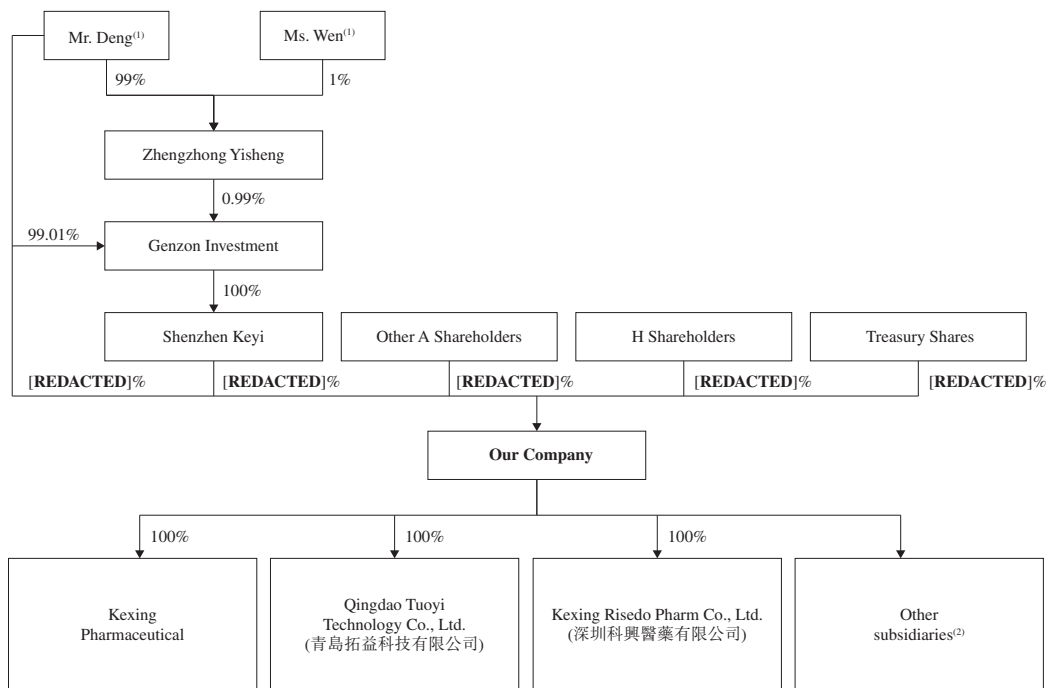
HISTORY AND CORPORATE STRUCTURE

Notes:

- (1) Mr. Deng and Ms. Wen are spouses.
- (2) Other subsidiaries include our wholly-owned subsidiaries, namely Shenzhen Kexing Medical Equipment Co., Ltd. (深圳科興醫療器械有限公司), Shenzhen Xintianhe Biotechnology Co., Ltd. (深圳新天合生物科技有限公司), Shenzhen Kexing Weichuang Investment Co., Ltd. (深圳科興偉創投資有限公司), Shandong Kehuang Pharmaceutical Co., Ltd. (山東克癆藥業有限公司), Jinan Tuoyi Technology Consulting Co., Ltd. (濟南拓益科技諮詢有限公司), Shenzhen Kexing Health Technology Co., Ltd. (深圳科興健康科技有限公司), Guangzhou Kexing Biopharmaceutical Co., Ltd. (廣州科興生物醫藥有限公司), Shenzhen Baotekeng Biotechnology Co., Ltd. (深圳寶特康生物科技有限公司), Shenzhen Tuoyi Xingchuang Technology Co., Ltd. (深圳拓益興創科技有限公司), Shenzhen Tuoyi Xingsheng Technology Co., Ltd. (深圳拓益興晟科技有限公司), KeXing Biopharma Investment Development Co., Limited (科興生物投資發展有限公司), Kexing Biopharma Singapore Pte. Ltd., Kexing Biopharma Mexico S.A. de C.V., Kexing Biopharm (Egypt) LLC, Criativa Hospitalar Importacao, Exportacao E Distribuicao Ltda and Kexing Biopharm GmbH, Kexing Biopharm S.A.S., and a 60.04%-owned subsidiary, namely Guangzhou Anhe Dongbao Biotechnology Co., Ltd. (廣州安合動保生物科技有限公司), whose remaining equity interest is held by two Independent Third Parties.

Corporate Structure Immediately After the [REDACTED]

The following chart sets forth a simplified shareholding and corporate structure of our Group immediately after completion of the [REDACTED], assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan.



Notes:

- (1)-(2) See “— Corporate Structure — Corporate Structure Immediately Before the [REDACTED]”.

BUSINESS

OVERVIEW

We are an innovation-driven biopharmaceutical company with international reach, specializing in the R&D, manufacturing and commercialization of recombinant proteins, antibodies and targeted-delivery therapies. We strategically focus on key therapeutic areas — principally oncology and autoimmune diseases — where significant unmet clinical needs persist. We have built a differentiated portfolio of commercialized products and drug candidates through independent innovation and strategic partnerships, advancing therapies with distinct clinical and market advantages. Guided by our dual-engine strategy of “Innovation + Internationalization,” we are committed to becoming a global leader in high-quality biopharmaceuticals and to bringing more innovative medicines and breakthrough therapies to patients worldwide.

Our tiered and progressively evolving product matrix consists of proprietary commercialized products, pipeline candidates, and in-licensed products. Proprietary commercialized products form the cornerstone of our business, providing a solid foundation for sustainable growth; the advancing pipeline builds long-term technical competitiveness; and in-licensed products enhance portfolio diversity and contribute to rapid revenue generation. We believe this portfolio, as illustrated in the chart below, strikes a balance between near-term commercialization and long-term sustainability.

	Oncology	Autoimmune	Antivirus, Hematology and Others
Proprietary Commercialized Products	WHITE-C® (Human Granulocyte Colony-stimulating Factor Injection)*		EPOSINO® (Human Erythropoietin Injection)* SINOGEN® (Human Interferon α1b for Injection)* CLOBICO® (Combined Live Clostridium Butyricum and Bifidobacterium Powder)*
Proprietary Product Candidates	GB18 (GDF15) GB-K02 (PEG-GC) GB23 (PD-1/GPC3/IFN) GB25 (CD3/CDH17/CDH17) GB27 (PD-1/IFN)	GB12 (IL-4R/IL-31) GB19 (BDCA2) GB20 (TL1A) GB24 (TL1A/LIGHT) GB26 (BDCA2/CD19/CD32b)	GB05 (IFN-αR) GB10 (VEGF/ANG-2) GB13 (-) GB06 (GHR) GB08 (FC-GHR)
In-licensed Products	Apexelsin® (Albumin-bound Paclitaxel for Injection)* Arketin® (Bevacizumab Injection)* Sorafenib Tosylate Tablets Trastuzumab Injection Eribulin Mesilate Injection Enzalutamide Capsules Olaparib Tablets Palbociclib Capsules Apalutamide Tablets Neratinib Maleate Tablets Lenalidomide Capsules	Reminton® (Infliximab for Injection)* Adalimumab Injection Nintedanib Esilate Soft Capsules	Oseltamivir Phosphate Dry Suspension Sitagliptin Phosphate Tablets Teriparatide Injection Aflibercept Intravitreal Injection Pantoprazole Sodium for Injection Tamsulosin Hydrochloride Sustained Release Capsules Propofol Injectable Emulsion Lerirelvir Tablets Sevelamer Carbonate Tablets Denosumab Injection Semaglutide Injection Linglutide Injection Omnadivir Tablets

Notes:

- The therapeutic areas for the above products are categorized based on their primary applications. Some products may be applicable across multiple therapeutic areas.
- The specific target for the GB13 project has not yet been determined.
- The asterisk denotes commercialized products. Commercialized in-licensed products that had achieved sales in at least one country or region during the Track Record Period.

BUSINESS

Our biologic drugs hold leading positions in their respective subsectors. SINOGEN (赛若金®) Human Interferon α 1b for Injection is China’s first genetically engineered innovative drug. According to Frost & Sullivan, it held a 55.2% market share of China’s short-acting human interferon α 1b market by sales in 2024, ranking first for six consecutive years since 2019. EPOSINO (依普定®) Human Erythropoietin Injection — among the first of its class in China with both a new drug certificate and approval number — held a 16.7% market share in 2024 in terms of sales, ranking second for four consecutive years in the Chinese human erythropoietin market since 2021. WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection held a 5.2% market share in 2024 in terms of sales, ranking among the top six for two consecutive years in China’s short acting human G-CSF market. Drawing upon our extensive overseas commercialization experience gained from these products, we are progressively introducing our in-licensed products to international markets.

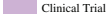
During the Track Record Period, we derive the majority of our revenue from four proprietary commercialized products and two in-licensed products — SINOGEN (赛若金®) Human Interferon α 1b for Injection, EPOSINO (依普定®) Human Erythropoietin Injection, WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection and CLOBICO (常乐康®) Combined Live Clostridium Butyricum and Bifidobacterium Powder/Capsule, as well as Apexelsin® Paclitaxel for Injection and Reminton (类停®) Infliximab for Injection. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from these products was RMB1,313.8 million, RMB1,254.3 million, RMB1,392.0 million and RMB679.6 million, respectively, representing 100.0%, 99.9%, 99.4% and 99.6% of total revenue relating to pharmaceutical products. Notably, revenue from Apexelsin and Reminton, which accounted for substantially all of our revenue from in-licensed products, represents 1.1%, 3.7%, 9.9% and 20.1% of total revenue relating to pharmaceutical products, showing significant growth trend.

Driving Biopharmaceutical Innovation with Technology Platforms

Tracing our origins to 1989, we are among the earliest biopharmaceutical companies in China and one of the first Industrialization Bases of the National “863” Plan. Over more than three decades of innovation and industrialization in biopharmaceuticals, we have established the “3KX” technology platform — encompassing KX-FUSION, KX-BODY, and K’Exosome — to drive end-to-end biologics development. Through this platform, we have accelerated innovative-drug development and strategically expanded into antibody therapeutics, an adjacent field sharing core processes and technologies with recombinant proteins. The 3KX platform integrates molecular design, long-acting modification, process scale-up, AI-driven antibody discovery, and exosome-based delivery to provide a strong foundation for building differentiated and innovative pipelines. As of the Latest Practicable Date, we had made significant progress under the “3KX” platform, with two Phase III clinical programs, three Phase I/II clinical programs, and 10 preclinical programs underway, as shown in the chart below.

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Therapeutic Area	Pipeline	Drug Category	Target	Technology Platform	Indication	Intellectual Property	Preclinical Research	IND	Phase I/II Clinical Trial	Phase III Clinical Trial
Oncology	★ GB18	Innovative Drug	GDF15	KX-BODY	Cancer Cachexia	Self-owned	China			
		Innovative Drug	GDF15	KX-BODY	Cancer Cachexia	Self-owned	U.S.			
	GB23	Innovative Drug	PD-1/GPC3/IFN	KX-BODY	Solid Tumors	Self-owned	China, U.S.			
	GB25	Innovative Drug	CD3/CDH17/CDH17	KX-BODY	Colorectal Cancer	Self-owned	China, U.S.			
	GB27	Innovative Drug	PD-1/IFN	KX-BODY	Solid Tumors	Self-owned	China, U.S.			
Autoimmune Diseases	GB-K02	Biosimilar	PEG-GC	KX-FUSION	Neutropenia	Self-owned	China			
	★ GB12	Innovative Drug	IL-4R/IL-31	KX-BODY	Atopic Dermatitis	Self-owned	China, U.S.			
	GB19	Innovative Drug	BDCA2	KX-BODY	SLE/CLE	Self-owned	China, U.S.			
	GB20	Innovative Drug	TL1A	KX-BODY	IBD	Self-owned	China, U.S.			
	★ GB24	Innovative Drug	TL1A/LIGHT	KX-BODY	IBD	Self-owned	China, U.S.			
Others	GB26	Innovative Drug	BDCA2/CD19/CD32b	KX-BODY	SLE/CLE	Self-owned	China, U.S.			
	GB05	Modified New Drug	IFN-αR	KX-FUSION	RSV-LRTI	Self-owned	China			
		Innovative Drug	IFN-αR	KX-FUSION	RSV-LRTI	Self-owned	U.S.			
	GB06	Biosimilar	GHR	KX-FUSION	GHD	Self-owned	China			
	GB08	Innovative Drug	FC-GHR	KX-FUSION	GHD	Self-owned	China			
	★ GB10	Innovative Drug	VEGF/ANG-2	KX-BODY	AMD	Self-owned	China			
		Innovative Drug	VEGF/ANG-2	KX-BODY	AMD	Self-owned	U.S.			
	GB13	Innovative Drug	–	K ⁺ Exosome	Acute Kidney Injury	Self-owned	China			

 Clinical Trial
  Preclinical Research
  Key Pipelines

Note:

- Drug types in the PRC are classified according to the 2020 edition of the Administrative Measures for Drug Registration. Innovative drugs refer to the new drugs in Category 1; GB05 is classified as modified new drugs in Category 2.1 in China and as innovative drugs in the United States; GB06 refers to the biosimilar drugs in Category 3.3; GB-K02 refers to the other biological products in Category 3.4.

Our innovative programs focus on oncology, autoimmune diseases, and degenerative diseases, with differentiated portfolios aligned to our core strengths. In oncology, we have developed GB18 (GDF15 mAb) for cancer cachexia; GB23 (PD-1/GPC3/IFN trispecific antibody-fusion protein) for solid tumors; GB25 (CD3/CDH17/CDH17 bispecific triple antibody T cell engager) for colorectal cancer; and GB27 (PD-1/IFN dual-target antibody-fusion protein) for solid tumors. In autoimmune diseases, we target major chronic conditions requiring long-term management — specifically inflammatory bowel disease (IBD), systemic lupus erythematosus (SLE), and atopic dermatitis — each characterized by large patient populations and prolonged disease courses. GB12 (IL-4R/IL-31 bispecific nanobody) addresses atopic dermatitis, GB20 (TL1A mAb) and GB24 (TL1A/LIGHT BsAb) address IBD, while GB19 (BDCA2 mAb) and GB26 (BDCA2/CD19/CD32b trispecific antibody) address SLE. In view of the global aging trend, we are also pursuing the development of therapies targeting age-related diseases. GB10 (VEGF/ANG-2 dual-target antibody-fusion protein) targets retinal angioproliferation, a condition associated with aging and chronic metabolic disorders.

- GB18 (GDF15 mAb) — Cancer cachexia.**

GB18 targets the same pathway and indication as Pfizer’s Ponesimab. In animal models of cancer and chemotherapy-induced cachexia, GB18 demonstrated efficacy comparable to Ponesimab in improving body weight and muscle atrophy, while showing superior safety in muscle-fiber integrity, metabolic indices, and motor function. The monkey NOAEL reached 144 mg/kg versus Ponesimab’s 100 mg/kg, and its high bioavailability

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supports convenient subcutaneous administration. GB18 has entered Phase I clinical trials in China and received clinical-trial approval in the United States, ranking second only to Ponesegromab among global programs targeting the same mechanism, and is positioned at the forefront of development in this field.

- ***GB12 (IL-4R/IL-31 bispecific nanobody) — Atopic dermatitis.***

GB12 provides dual blockade of IL-4R and IL-31, simultaneously inhibiting inflammatory and neuronal pathways to achieve anti-inflammatory and anti-pruritic effects. Preclinical data show robust efficacy, positioning GB12 among a limited number of global candidates with this dual-target mechanism.

- ***GB10 (VEGF/ANG-2 dual-target antibody-fusion protein) — Retinal angioproliferative diseases.***

GB10 is a high-concentration ophthalmic formulation with bioactivity and animal efficacy comparable to leading international competitors, effectively inhibiting angioproliferation with reduced dosing frequency. A domestic IND was submitted in September 2025, and an FDA IND filing is planned for late 2025.

- ***GB20 (TL1A mAb) and GB24 (TL1A/LIGHT bispecific antibody) — Inflammatory bowel disease (IBD).***

GB20 has demonstrated promising *in vitro* and *in vivo* efficacy, improving IBD symptoms and intestinal function in animal models. GB24, targeting the TL1A/LIGHT pathway, delivers both anti-inflammatory and anti-fibrotic benefits, potentially addressing the full disease course. Currently, only two TL1A bispecific drugs have entered clinical research worldwide, while there are no TL1A/LIGHT bispecific drugs that have entered clinical research, and our development progress therefore holds a leading position.

Our improved-drug programs emphasize the development of new formulations, new indications, and long-acting variants of our marketed recombinant proteins, thereby enhancing portfolio synergy and reinforcing our market competitiveness.

- ***GB05 (Human Interferon α 1b Mutant Inhalation Solution) — Pediatric RSV infections.***

GB05 is an inhaled interferon therapy developed for pediatric respiratory syncytial virus (RSV)-associated lower respiratory tract infections, including pneumonia and bronchiolitis. Administered via nebulization, it delivers the active ingredient directly to the infection site, enabling rapid onset, improved safety, and higher patient compliance. The program has been designated as a breakthrough therapy in China and is undergoing Phase III clinical trials, with NDA submission expected in 2027. The program also received FDA approval for clinical trials in the United States in January 2025.

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- ***GB-K02 (PEGylated Human Granulocyte Colony-Stimulating Factor Injection) — Chemotherapy-induced neutropenia.***

GB-K02 is a long-acting G-CSF designed to prevent chemotherapy-induced neutropenia. Through PEGylation, it extends half-life and allows once-per-cycle dosing, enhancing compliance and reducing discomfort compared with short-acting formulations. The program is currently in Phase III clinical trials in China, with completion and NDA submission expected in 2026.

Advancing Global Expansion with Diversified Products

We initiated international expansion early and achieved overseas sales as early as 2000. Through years of execution, EPOSINO (依普定®) Human Erythropoietin Injection has achieved sales spanning over 30 countries and regions. According to Frost & Sullivan, EPOSINO leads comparable Chinese products by number of export destinations and accounted for nearly 60% of China’s total export value of the same products in 2024. Today, we are among the Chinese biopharmaceutical companies with the broadest overseas market coverage, with sales or approvals in over 70 countries and regions across five continents, including the EU, Brazil, the Philippines, and Indonesia.

Building on this foundation, we have expanded our international portfolio through strategic partnerships and in-licensing collaborations. Our cooperation with Zhejiang Haichang Biotech Co., Ltd. (浙江海昶生物醫藥股份有限公司, “Haichang Biotech”) for albumin-bound paclitaxel (Apexelsin® Paclitaxel for Injection) exemplifies our global commercialization capabilities. The product has obtained EU and UK approvals, marking the first product of its kind in China approved via the EU centralized procedure, and accounted for 47.7% of China’s export volume of albumin-bound paclitaxel in the six months ended June 30, 2025. Alongside Apexelsin®, other in-licensed products, such as Arketin® Bevacizumab Injection, Trastuzumab Injection, Adalimumab Solution for Injection, Liraglutide Injection, and Semaglutide Injection, have submitted registration applications in multiple countries. As of the Latest Practicable Date, we had secured overseas commercialization rights for 27 high-quality products from 24 leading domestic pharmaceutical companies. We expect these in-licensed products to become key drivers of profit growth as we continue to broaden global market presence and advance high-quality Chinese biopharmaceuticals to international markets.

In parallel, we are advancing in the field of biosimilars, focusing on products with large market potential and moderate competition. By adopting new cell lines, automation, and domestic substitution of key equipment and materials, we enhance production efficiency, reduce costs, and ensure sufficient capacity, which position us favorably in the next wave of global biosimilar competition.

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COMPETITIVE STRENGTHS

Strong Expertise in the Know-How, Production and Commercialization of Recombinant Proteins

We have successfully commercialized three recombinant proteins products — SINOGEN (赛若金®) Human Interferon α 1b for Injection, EPOSINO (依普定®) Human Erythropoietin Injection, and WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection — which collectively contributed the majority of our revenue during the Track Record Period and hold leading positions in their respective market segments in China.

SINOGEN (赛若金®) Human Interferon α 1b for Injection holds a leading position in China’s short-acting interferon market. As a broad-spectrum antiviral and China’s first genetically engineered innovative drug, it enjoys high clinical acceptance and brand recognition. It is indicated for viral diseases and certain malignant tumors and has been approved for the treatment of chronic hepatitis B, hepatitis C and hairy cell leukemia. Published clinical trial results and literature have reported efficacy in treating other viral diseases. According to Frost & Sullivan, accounted for 55.2% of sales in China’s short-acting human interferon α 1b market in 2024, ranking first for the sixth consecutive year by market share since 2019.

EPOSINO (依普定®) Human Erythropoietin Injection holds a leading position in China’s human erythropoietin market. It is among the first products of its type in China to receive R&D approval and obtain both new drug certificate and registration approval. It is indicated for anemia due to renal dysfunction, perioperative red-blood-cell mobilization in surgical patients and chemotherapy-induced anemia in non-myeloid malignancies. Its proprietary human-albumin-free formulation helps reduce the risk of blood-borne contamination and allergic reactions. We are one of only two manufacturers in China producing a 36,000 IU dosage strength of human erythropoietin specifically approved for “chemotherapy-induced anemia in non-myeloid malignancies.” According to Frost & Sullivan, based on domestic revenue of EPO drugs, accounted for 16.7% in China’s human erythropoietin market in 2024, ranking second for the fourth consecutive year by market share since 2021.

WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection holds a leading position in China’s short-acting human G-CSF market. It is indicated for neutropenia caused by factors such as chemotherapy. For cancer patients receiving myelosuppressive chemotherapy, particularly following intensive myeloablative chemotherapy, administration of this product can help prevent the onset of neutropenia, reduce its severity, shorten the duration of agranulocytosis and accelerate the recovery of neutrophils, thereby lowering the risk of concomitant febrile infections. According to Frost & Sullivan, we accounted for 5.2% of sales in China’s short-acting human G-CSF market in 2024, ranking among the top six for the second consecutive year by market share.

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We have maintained leadership in human interferon $\alpha 1b$, human erythropoietin and human G-CSF due to our profound technical expertise, large-scale production and successful commercialization. We have established high-standard across key production links — including cell-line development, fermentation and purification, and quality control — ensuring product stability and consistency while meeting stringent regulatory requirements. Furthermore, being the earliest to complete clinical development and registration, these products have been broadly included in national reimbursement and centralized procurement catalogues. Our large-scale production base provides a cost advantage, making it difficult for new players to compete on price. Through years of marketing and academic promotion, we have built strong brand recognition and prescribing habits among clinicians which, together with a nationwide distribution-channel network, further consolidates our market position. Collectively, these factors create a systemic barrier encompassing technology, market access, cost control, distribution channels and brand name, making it challenging for new players to disrupt our leading position.

Advanced R&D Capabilities Driving Innovation Progress

We have established a comprehensive biologics-innovation system spanning discovery, pharmaceutical studies, preclinical and clinical research and production. Our technology platforms include: the KX-FUSION protein-drug platform; the KX-BODY antibody-drug platform; and the K’Exosome delivery platform.

- KX-FUSION integrates molecular design and optimization, Fc-fusion and PEGylation long-acting drug development, process design and scale-up, enabling end-to-end development of recombinant protein drugs with strong developability, robust processes and low production costs. The platform has supported the R&D of GB-K02, GB05, GB06 and GB08.
- KX-BODY combines a multi-pathway, high-throughput and epitope-precise monoclonal discovery platform (FIT-BODY), a natural-IgG bispecific platform (FIGHT-BODY) based on proprietary domain swap/engineering stabilization technology and a modular multifunctional antibody-fusion platform (FLEX-BODY), all integrated with AI/CADD. It accelerates sequence design, screening and structural optimization across monoclonal, bispecific and multispecific antibodies and antibody-fusion proteins, and underpins process development. The platform has been applied to GB10, GB12, GB18, GB19, GB20 and GB24, among others; notably, AI-assisted virtual screening enabled a highly active and stable IL-4R inhibitory antibody for GB12.
- K’Exosome is an engineered-exosome delivery system that uses exosomal membrane proteins for targeted binding and loading, enabling large capacity, compatibility with diverse modalities and advantages such as fewer steps and shorter cycles. The GB13 project (Exosome Drug Delivery) was selected as a “Major Special Project of Shenzhen Science and Technology Innovation Commission” and submitted a Type II Drug Master File to the FDA.

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Building on the “3KX” platform, our near-term strategy focuses on novel formulations, new indications and extended-half-life versions of recombinant proteins to create synergy with existing products; over the mid-to-long term, we will continue to expand into oncology, immunology and degenerative diseases across novel antibodies, proteins and delivery.

Our R&D team comprises approximately 150 professionals across molecular biology, cell biology and virology. The team includes over 60% of members holding a Master’s degree or higher, forming a deep bench of specialized talent. Core team members bring R&D and management experience from leading global pharmaceutical companies, are well versed in international regulatory standards such as those of the FDA and EMA and can efficiently advance the global development and registration of innovative drugs.

We have built a highly efficient R&D organization, led by Mr. Qin Suofu and Dr. Li Huiming, concurrently advancing the development 15 product pipelines. Since 2021, the team has carried multiple innovative programs into the clinical-trial application stage each year and developed numerous pipelines in fields such as novel proteins, antibodies and delivery.

We place high strategic importance on the application of new technologies and intelligent tools in R&D. We leverage AI, computer-aided drug design (CADD) and other intelligent tools for antibody molecular design, structural optimization and activity prediction. As a result, several innovative programs have yielded PCC molecules with excellent *in vitro* activity and efficacy comparable or even superior to our international competitors, alongside high developability and safety. A prime example is our GB12 bispecific antibody: AI-assisted engineering of an IL-4R inhibitory epitope antibody and subsequent structural optimization led to a high-affinity inhibitory antibody that addresses limitations in efficacy and durability associated with single-target therapies.

Multiple Pipelines with Differentiated Advantages

We focus on major therapeutic areas with significant unmet clinical needs, including oncology, autoimmune diseases and degenerative diseases. As of the Latest Practicable Date, we had 12 innovative drug pipelines, many with global competitive potential.

GB18 (GDF15 mAb) is intended for the treatment of cancer cachexia. According to Frost & Sullivan, 60%-80% of cancer patients may develop cachexia and about 20% of cancer patients die due to cachexia. Currently, no therapy for cancer cachexia has been approved by either the FDA or the EMA, indicating a significant unmet clinical need.

Leading R&D progress. According to Frost & Sullivan, for the GDF15 target, Pfizer’s Ponesemab and CatalYm GmbH’s Visugromab have progressed most rapidly and have initiated Phase II/III clinical studies. GB18 has entered Phase I in China and received clinical-trial approval in the United States, positioning itself among the leading programs in this field.

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Excellent safety profile. GB18 utilizes a nanobody structure. We introduced LALA mutations into the humanized Fc structural domain to eliminate the antibody’s ADCC and CDC effects, thereby enhancing product safety. The monkey NOAEL (no observed adverse effect level) for GB18 reaches 144 mg/kg, compared with 100 mg/kg for Ponsegromab.

Potent efficacy. In animal efficacy models of both cancer cachexia and chemotherapy-induced cachexia, GB18 demonstrated significant improvements in body weight and muscle atrophy, comparable to Pfizer’s Ponsegromab, and showed better performance in improving muscle-fiber microstructure, metabolic levels and motor function in preclinical studies.

Improved patient compliance. GB18 targets the same pathway and indication as Pfizer’s Ponsegromab. Based on preclinical pharmacokinetic data, GB18 is projected to allow subcutaneous administration once every 3-4 weeks, significantly reducing treatment burden. GB18 is formulated at 150 mg/mL, which is an exceptionally high formulation concentration, enabling subcutaneous administration and enhancing patient compliance compared with products that still require hospital-based infusion.

GB12 (IL-4R/IL-31 bispecific nanobody) is intended for the treatment of atopic dermatitis. Traditional treatments primarily include topical corticosteroids, topical calcineurin inhibitors, oral antihistamines, systemic immunosuppressants and corticosteroids, with biologics currently accounting for a relatively low share — indicating substantial development potential.

Leading R&D progress. Dupixent (targeting IL-4R α), developed by Sanofi and Regeneron, was launched in 2017 and has shown sustained growth, with global sales of US\$14.1 billion in 2024. According to Frost & Sullivan, very few companies globally are developing IL-4R/IL-31-targeted therapies, resulting in a favorable competitive landscape. Currently, only two such therapies overseas have progressed to clinical stages, and as such we believe GB12 holds a leading position in China in terms of R&D progress.

Differentiated design. Featuring the “anti-inflammatory + anti-pruritic” dual-blockade mechanism, GB12 aims to break the vicious itch–scratch cycle, a debilitating feature of atopic dermatitis that can lead to severe emotional distress and impact quality of life. By inhibiting both IL-4R and IL-31, GB12 addresses the molecular pathology of atopic dermatitis directly at the interface of itch neurobiology and skin immunology, producing a stronger synergistic effect while reducing side effects associated with high-dose IL-4R α therapy. Furthermore, GB12 incorporates a YTE modification in the Fc region, substantially extending half-life and offering a potentially best-in-class therapeutic profile. Preclinical data show significant efficacy across inflammation and pruritus endpoints, with notably superior anti-pruritic activity compared with marketed Nemolizumab.

AI-driven design. Through AI-powered virtual screening, we identified a highly active and stable IL-4R α inhibitory antibody, accelerating bispecific-molecule design for the GB12 program.

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GB10 (VEGF/ANG-2 dual-target antibody-fusion protein) is intended for the treatment of retinal angioproliferative diseases. These conditions are characterized by complex etiology, prolonged progression and irreversible damage that, without timely treatment, can lead to complete blindness. According to Frost & Sullivan, the prevalence of retinal angioproliferative diseases in China exceeded 40 million in 2024, and, with population aging, continues to rise.

Leading R&D progress. The GB10 program submitted its domestic IND in September 2025 and is expected to file IND application with the FDA by the end of 2025. According to Frost & Sullivan, only Roche’s Faricimab (a VEGF/ANG-2 bispecific antibody) has been approved by both the FDA and the NMPA, and we are among the earliest companies to initiate R&D on this target.

Improved patient compliance. GB10 achieves an exceptionally high formulation concentration of 140 mg/mL, allowing a reduced injection volume or a higher delivered dose per administration and enabling an extended dosing interval. It is expected to support once-every-four-months dosing, significantly improving patient compliance.

Potent efficacy. GB10 is a high-concentration, ophthalmic-specific protein formulation. Its bioactivity and animal efficacy have reached the level of leading international competitors. GB10 effectively inhibits choroidal and retinal angiogenesis in the laser-induced monkey CNV (choroidal neovascularization) model and the DL-AAA-induced rabbit RNV model.

GB20 (TL1A mAb) and GB24 (TL1A/LIGHT bispecific antibody) are intended for the treatment of IBD. According to Frost & Sullivan, the total number of IBD patients in China is expected to exceed 0.9 million by 2024, with over 60% of patients already at a middle or advanced stage at initial diagnosis and 35% of UC patients developing cancer within 10 years of diagnosis. Current treatment strategies for IBD primarily emphasize maintenance therapy to control symptoms, creating a pressing need for innovative drugs. For mild-to-moderate IBD, 5-ASA is commonly used; for moderate-to-severe disease, corticosteroids can rapidly control inflammation. During subsequent maintenance of remission, immunosuppressants such as azathioprine and 6-mercaptopurine are primarily used. In recent years, biological targeted formulations have also been widely applied in maintenance treatment. Overall, the development of potential therapies for IBD benefits from a broad market opportunity.

Leading R&D progress. For our GB20 (TL1A mAb) program, Frost & Sullivan notes that development targeting TL1A remains in the early stage, with no approved products to date. For our GB24 (TL1A/LIGHT) program, there are currently no TL1A/LIGHT bispecific drugs that have entered clinical research worldwide, and our development progress therefore holds a leading position.

Differentiated design. GB24 is a TL1A/LIGHT bispecific antibody with a novel mechanism of action that provides both anti-inflammatory and anti-fibrotic effects, with the potential to achieve remission — or even disease modification — at an early stage. There are currently no comparable approved drugs of the same kind on the market.

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Potent efficacy. The PCC molecule from our GB20 program demonstrates promising *in vitro* and *in vivo* activity. In animal models, GB20 has shown significant efficacy in alleviating IBD symptoms and improving intestinal function and microstructure.

Leading Capabilities in Overseas Commercialization: First-Mover Advantages and Global Competitive Moat

We possess efficient systematic overseas commercialization capabilities and have established registration and sales networks across multiple regions, including Europe, Latin America, Southeast Asia, the Middle East and North Africa. This has enabled us to build a full-chain commercialization system centered on market insight, registration access and localized operations, ensuring our ability to continuously expand into global markets.

We have established comprehensive overseas market analysis and decision-making processes. We realize multi-dimensional data integration and analysis via global pharmaceutical databases such as IQVIA as well as our regional information system and insights on government procurement, health-insurance policies, bidding dynamics and competitive landscape. Through managers dispatched overseas, we operate on market fronts and have developed a market-priority model grounded in population base, purchasing power, medical-insurance coverage, competitive landscape and market-entry barriers. Benefiting from accurate market judgement, we have developed differentiated product in-licensing and promotion strategies tailored to individual countries, enhancing our efficiency of overseas expansion.

We possess efficient international registration and market-access capabilities. Our international registration team is well versed in the requirements of major regulatory systems, spanning registrations for biosimilars, generics and innovative drugs, and has extensive experience addressing international regulatory inquiries. We have led over 100 audits for nearly 20 products across more than 30 countries and regions, including EMA QP audits and GMP inspections in Brazil, Colombia, Saudi Arabia and other jurisdictions. Through standardized international-registration processes and multi-country coordination mechanisms, we have achieved concurrent registrations and effective market access in Latin America, the Middle East and Southeast Asia. For certain products, we have secured accelerated approval cycles in 6-12 months to support timely capture of market opportunities.

Our sales model for the overseas market enables us to form extensive terminal-channel coverage. We maintain long-term partnerships with leading importers, through which hospital groups and pharmacy chains in key countries, achieving full-chain coverage from government procurement to retail. Our sales network spans over 70 countries and regions and integrates deeply with leading customers, enabling collaboration with Zentiva in the EU, Blau in Brazil and Kalbe in Indonesia. This creates a multi-dimensional channel system featuring in-house teams and distributors collaboration.

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We place high importance on academic promotion and medical education in overseas markets. Through international academic conferences, expert seminars and physician-training programs, we enhance our academic recognition and brand influence. We have established a professional medical-affairs team to provide localized academic support tailored to clinical practice and guideline standards in different markets, thereby strengthening trust among physicians and patients. Benefiting from long-term collaboration with academic institutions and medical associations across multiple countries, we continuously conduct real-world studies (RWS) and engage in academic co-creation, deepening the professionalism and reach of our academic activities.

We maintain a risk management system covering the entire overseas business process, including compliance review, contract management, distributor evaluation, foreign-exchange risk management and supply-chain management. We assess financial standing, compliance records and market capabilities, and our dynamic monitoring mechanism prevents operational and compliance risks. In line with country-specific policies and exchange-rate fluctuations, we adopt multi-currency settlement and proactive inventory strategies to ensure stable overseas operations.

Introduction of High-Potential Products in Oncology and Immunology

In recent years, we have obtained overseas commercialization rights for 27 in-licensed products. Among these, Reminton (类停®) Infliximab for Injection and Apexelsin® Paclitaxel for Injection (Albumin-Bound) have demonstrated outstanding performance. According to Frost & Sullivan, Reminton (类停®) accounted for 10.6% market share in the Chinese infliximab market in 2024, ranking second. Apexelsin® accounted for 47.7% of export volume for its class in China in the six months ended June 30, 2025, also ranking second. In addition, Arketin® Bevacizumab Injection has obtained marketing approval in Nigeria, Pakistan, Colombia and Indonesia, and applications have been accepted for review in over 20 additional countries and regions, including Brazil, Chile and Mexico.

Apexelsin® Paclitaxel for Injection (Albumin-Bound). Developed by Haichang Biotech, Apexelsin® is a broad-spectrum antineoplastic indicated for metastatic breast cancer, non-small cell lung cancer and pancreatic cancer. Compared with conventional paclitaxel formulations, it eliminates polyoxyethylated castor oil (a common cause of allergic reactions), requires no premedication, shortens infusion time and improves safety and compliance. It has been recommended as a mainstream first-line treatment in the ESMO Clinical Practice Guidelines. Haichang Biotech’s albumin-bound paclitaxel leverages high-drug-loading albumin-nanoparticle technology and addresses low solubility and high toxicity of paclitaxel. It enhances targeting to tumor tissues and reduces impact on non-target tissues, providing a more efficacious and safer option for patients with metastatic breast cancer, pancreatic cancer and non-small cell lung cancer.

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In April 2021, we entered into a collaboration with Haichang Biotech, securing global commercialization rights for this product excluding the United States. In October 2023, it received marketing approval from NMPA. In April 2024, the production line obtained EU GMP certification, and we have gained market access in 35 countries and regions across Europe, Asia and South America as of the Latest Practicable Date.

According to Frost & Sullivan, the global market for albumin-bound paclitaxel reached US\$2.6 billion in 2024, reflecting substantial scale. Due to technical complexity, the number of approved generics remains limited, resulting in a favorable competitive landscape. We commenced commercial sales in August 2024. In the six months ended June 30, 2025, our Apexelsin[®] accounted for 47.7% of market share in China in terms of export volume. As we secure approvals in more countries and regions, Apexelsin[®] is expected to contribute increasingly to revenue.

Reminton (类停[®]) Infliximab for Injection. Developed by Taizhou Mabtech, this is China’s first approved infliximab biosimilar. It is a monoclonal antibody targeting TNF- α that specifically binds to TNF- α and blocks the inflammatory cascade triggered by it. It is used to treat autoimmune diseases including rheumatoid arthritis, Crohn’s disease, ankylosing spondylitis and psoriasis. Reminton (类停[®]) demonstrates significant efficacy and a favorable medication safety due to the use of a CHO cell expression technology.

Our collaboration with Taizhou Mabtech Pharmaceutical Co., Ltd. was carried out in two phases. In 2021, we obtained commercialization rights in more than 30 overseas countries and regions; in March 2022, we further secured exclusive promotion rights in Chinese Mainland. Our target markets include China, as well as South America, the Middle East, Africa and Southeast Asia. As of the Latest Practicable Date, the product had obtained approvals in Peru, Indonesia, Pakistan and Bangladesh, and its applications had been accepted in nearly 20 countries and regions, including Brazil, Malaysia and the Philippines.

According to Frost & Sullivan, the aggregate market for infliximab for injection across China, Latin America, the Middle East, Africa and Southeast Asia reached US\$1.5 billion in 2024, representing a relatively large market. During the Track Record Period, Reminton (类停[®]) generated revenues of RMB13.9 million, RMB46.7 million, RMB96.9 million and RMB59.1 million, respectively, demonstrating continuous growth.

Bevacizumab Injection. BioDlink Biopharm Co., Ltd. (“BioDlink”) developed and manufactured the bevacizumab that targets VEGF and is indicated for advanced, metastatic or recurrent non-squamous non-small cell lung cancer and metastatic colorectal cancer, marketed under the brand name Pusintin. BioDlink achieves cost advantages through a proprietary manufacturing process. Head-to-head data versus the originator (Avastin[®]) demonstrate high similarity in efficacy, safety and immunogenicity, and Phase III data confirm an objective response rate equivalent to the originator.

BUSINESS

In January 2022, we entered into collaboration with BioDlink, securing global commercialization rights for the bevacizumab, excluding China, the EU (based on its 2021 membership), the United Kingdom, the United States and Japan. Our target markets are Latin America, the Middle East, Africa and Southeast Asia. As of the Latest Practicable Date, we had obtained approvals in countries and regions including Nigeria, Pakistan, Colombia and Indonesia, and applications had been accepted in over 20 additional countries and regions, including Brazil, Chile and Mexico.

According to Frost & Sullivan, the aggregate market size for bevacizumab injection across Latin America, the Middle East, Africa and Southeast Asia was US\$1.7 billion in 2024, reflecting substantial scale. In October 2025, we commenced supply and marketing of our bevacizumab injection in Colombia.

Integrated R&D-Manufacturing-Commercialization Capabilities Supporting Global Expansion

We have established integrated R&D — Manufacturing — Commercialization capabilities that supports successful global launches of innovative pipelines to realize their commercial value.

Adhering to a clinical-needs-oriented approach, we focus on oncology and autoimmune diseases and continuously enrich our innovative pipeline. Our advanced 3KX platform enables comprehensive end-to-end development — from target validation and candidate optimization, to preclinical efficacy studies and efficient clinical advancement — effectively supporting R&D and production. Our R&D efforts have been widely recognized, including designations as “Shandong Provincial Enterprises’ Technology Center,” “Guangdong Gene Engineering Recombinant Protein Therapeutics Engineering Technology Center,” “Shandong Protein Therapeutics Engineering Laboratory,” “Jinan Protein Therapeutics Engineering Laboratory,” “Shenzhen Postdoctoral Innovation Practice Base,” and Jinan Industrial Enterprise “One Company, One Technology” R&D Center.

With thirty years of industrialization experience, we possess large-scale production capabilities for biomacromolecules, microecological formulations and complex specialty drugs, covering lyophilized powders, liquid injections, capsules and powders. We adhere to China and EU GMP standards and maintain a comprehensive production and quality control system. We have not had any quality or safety incidents since founding.

BUSINESS

We have built a full-function sales organization covering regulatory affairs, marketing, medical affairs, business development and sales & marketing — forming a comprehensive system in China and key emerging markets and providing advantages in both global expansion and localized execution.

As one of the earliest companies engaged in the production and sales of genetically engineered drugs in China, we have built a solid market position and strong brand reputation with a nationwide network. During the Track Record Period, our marketing terminals covered approximately 8,000 hospitals of various grades, and approximately 12,000 additional terminals.

With over 20 years of global expansion, we have accumulated extensive overseas operational capabilities. Our products have gained market access or sales in over 70 countries and regions. Our network achieves 100% coverage of emerging-market countries with a population exceeding 100 million. We have established subsidiaries or branches in Germany, Brazil, Mexico, Singapore, Colombia, Egypt and Vietnam, serving as strategic hubs.

Management Team with Industry Insight and R&D Leadership with Extensive Experience

Our chairman, Mr. Deng Xueqin, has focused on biopharmaceuticals for nearly 20 years and led our transformation from a recombinant-protein leader to an international innovative pharmaceutical enterprise. His forward-looking approach to technology and innovation guides our long-term development. The management team combines robust industry experience with an international perspective. Our general manager, Mr. Zhao Yanqing, has systematically advanced the dual-engine strategy of “Innovation + Internationalization,” delineating a three-stage global expansion path — “Emerging Markets → Regulated Markets → Localized Operations.” Our deputy general manager, Mr. Shao Ke, leads the in-licensing of our products under a disciplined selection framework — “advanced technology, high market value, high international-registration level and commercialization readiness.” Leveraging deep commercialization experience, Mr. Shao has built a high-quality in-licensed portfolio for the Company. Mr. Qin Suofu, deputy general manager and head of our research institute, leads our innovative pipeline development, with focus on oncology and autoimmune diseases and modalities such as novel proteins, antibodies and delivery. He led the establishment of our 3KX platform.

BUSINESS

Mr. Qin Suofu (deputy general manager and head of the pharmaceutical research institute) has 35 years of experience in the research, development and industrialization of pharmaceuticals and holds a Ph.D. in biochemistry from Kobe University/University of Fukui (Japan). He previously served as chief scientist at Allergan Inc. (U.S.), deputy head of the research institute at Changchun GeneScience Pharmaceutical Co., Ltd. and head of the R&D center at Shanghai Kehua Bio-Engineering Co., Ltd. He also held positions at NIH (U.S.), University of Fukui (Japan). Dr. Qin has a proven track record in innovative-drug R&D, core-platform development and IP strategy. Notably, in oncology and immunotherapy, he has advanced multiple innovative projects to clinical stages and market approval. He led the establishment of the 3KX platform, filed more than 60 invention patent applications, secured over 20 granted patents, participated in multiple industry technical standards, published over 60 SCI-indexed papers and frequently presented at international conferences. His honors include Jilin Province “Changbai Huigu” Talent Program and the Allergan Best Paper Award, reflecting strong industry influence.

Dr. Li Huiming (deputy general manager, new drug research center) holds a Ph.D. in biophysical chemistry from Yale University (U.S.) and serves as vice chair of the Drug Analysis Professional Committee of the Shenzhen Pharmaceutical Association. He has 24 years of experience across international pharmaceutical companies and academia, previously serving as a senior researcher at Bristol Myers Squibb (BMS) and chief scientist at Acceleron Pharma/MSD (Merck & Co.). He has led or contributed to multiple blockbuster drugs (e.g., Reblozyl, Winrevair, Opdivo) and clinical-stage programs. Dr. Li has deep expertise in end-to-end development of antibody and fusion-protein therapeutics, from target identification to molecular engineering. At our Company, he established the AI-driven KX-BODY platform — covering target discovery (FIT-BODY), bispecific development (FIGHT-BODY) and multi-target antibody-fusion assembly (FLEX-BODY)—significantly enhancing development efficiency. He holds three international patents, has published more than 20 SCI-indexed papers and leads multiple clinical and preclinical projects (e.g., GB10, GB12, GB19).

GROWTH STRATEGIES

Pursuing our vision to become a leader in high-quality biopharmaceuticals, we adhere to the “Innovation + Internationalization” dual-engine model. Through independent R&D and strategic partnerships, we aim to build a globally competitive, differentiated product matrix and an international commercialization platform covering major global markets, with a focus on oncology and autoimmune diseases.

BUSINESS

Advance Innovative Drug Development to Address Unmet Needs

We will adopt a science-driven clinical development strategy, actively applying modern trial designs such as adaptive and biomarker-guided approaches to accelerate progress and mitigate risk, with the goal of bringing potential blockbuster products to patients sooner.

The GB18 (GDF15 mAb) program has entered Phase I enrollment in China in October 2025, evaluating safety, tolerability, and PK in patients with cancer cachexia. The GB08 (Fc-GHR) program initiated Phase II enrollment in China in August 2025 to evaluate preliminary efficacy in pediatric GHD, with an NDA/BLA submission to the NMPA expected in 2028.

We will also advance additional first-in-class and best-in-class programs to address high-burden chronic and immune-mediated diseases. The GB12 (IL-4R/IL-31 bispecific nanobody) program targets atopic dermatitis, aiming to deliver dual inhibition of inflammatory and neuronal pathways to achieve superior efficacy in both inflammation control and itch reduction. The GB20 (TL1A mAb) and GB24 (TL1A/LIGHT bispecific antibody) programs focus on IBD, leveraging novel pathway modulation to deliver anti-inflammatory and anti-fibrotic benefits across disease stages.

Supported by our KX-BODY and KX-FUSION platforms, we will continue to leverage AI, CADD, and AIDD technologies to accelerate early-stage pipelines into clinical development. We will pursue efficient antibody-drug discovery and multi-target fusion-protein design to advance preclinical projects rapidly. In tumor immunity, we aim to address heterogeneity, immunosuppressive microenvironments, and drug resistance through multi-mechanism agents such as multifunctional antibody-fusion proteins and multi-target T cell engagers. In autoimmunity, we aim to move beyond traditional immunosuppression toward immune resetting and long-term remission through multi-node pathway inhibition and selective elimination of pathogenic immune cells.

Strengthen Biosimilar Capabilities with a Focus on EU, U.S. and China

With many originator biologics expected to lose exclusivity by 2030 and streamlined regulatory pathways in the EU and U.S., we will prioritize biosimilar programs with high technical barriers, large patient populations, and clear intellectual property pathways.

We will strictly adhere to regulatory standards of major international markets, including the FDA and the EMA, and integrate leading domestic CDMO and CRO resources to build end-to-end capabilities spanning cell line development, process optimization, and large-scale GMP manufacturing. Strategic emphasis will be placed on low-cost, high-efficiency continuous manufacturing technologies to enhance global competitiveness.

BUSINESS

Through demonstrated efficacy, safety, and a robust pharmacovigilance system, we aim to build long-term trust with physicians, payers, and patients worldwide. Developing and commercializing complex biosimilar programs will further fortify our R&D, manufacturing, and regulatory systems, supporting global acceptance of our innovative products.

Expand Global Footprint and Enhance Overseas Commercialization Platform

We are building an overseas commercialization platform to “source globally and cover globally,” progressing from emerging markets to regulated markets, from biosimilars to innovative drugs, and from distributor partnerships to localized operations.

We will identify and introduce high-quality, high-value mature and in-development products worldwide through licensing and co-development, leveraging our global registration and commercialization experience to accelerate product introduction, registration, and launch. We will also systematize overseas registrations and launches, advancing over 100 applications across dozens of countries under the strategy of “strengthen the base portfolio and expand new growth.”

We are establishing local teams in Germany, Brazil, Mexico, Singapore, Egypt, Columbia, and Vietnam to deepen understanding of local ecosystems and accelerate the transition from “product globalization” to “brand globalization.”

OUR PRODUCTS AND PRODUCT CANDIDATES

Overview

We are an innovative-driven biopharmaceutical company with international reach, integrating R&D, manufacturing and commercialization of recombinant proteins, antibodies and targeted-delivery therapies. We strategically focus on key therapeutic areas — including principally oncology and autoimmune diseases — where significant unmet clinical needs persist. We leverage our proprietary platforms for novel proteins, antibodies and delivery we pursue precision medicines and next-generation modalities. We possess a broad portfolio of drugs capable of treating multiple diseases. As of the Latest Practicable Date, our product portfolio consisted of nine commercialized products and 15 product candidates. Among our product candidates, two were in Phase III clinical trial stage, three were in Phase II or Phase I clinical trial stage, and 10 product candidates were in preclinical stage.

BUSINESS

Major Commercialized Products

We have a diversified products pipeline across oncology, autoimmune diseases, metabolic diseases, antivirals, hematology and other therapeutic areas. Our major commercialized products are offered in multiple strengths and dosage forms to address patient needs. As of the Latest Practicable Date, we had a total of nine commercialized products, comprising six proprietary products and three in-licensed products for which we had obtained commercialization rights. The table below sets out key information of our major commercialized products as of the Latest Practicable Date:

Therapeutic Area	Product name	Source	Indication	Included in NRDL	Enrolled in VBP	Formulation
Oncology	Apexelsin® Paclitaxel for Injection (Albumin-Bound)	In-licensed products	Treatment of breast cancer, metastatic pancreatic adenocarcinoma, and non-small cell lung cancer.	Yes	Yes	Injection
Oncology	WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection	Proprietary products	Neutropenia caused by cancer chemotherapy and other reasons; cancer patients using myelosuppressive chemotherapy drugs, especially after intensive myelodepletive chemotherapy, may benefit from the injection of this product to prevent the occurrence of neutropenia, reduce its severity, shorten the duration of agranulocytosis, and accelerate the recovery of granulocyte counts, thereby lowering the risk of infection-associated fever.	Yes	Yes	Injection
Oncology	Arketin® Bevacizumab Injection	In-licensed products	Advanced or metastatic non-squamous non-small cell lung cancer and metastatic colorectal cancer.	Yes ⁽¹⁾	N/A ⁽¹⁾	Injection
Autoimmunity	Reminton (类停®) Infliximab for Injection	In-licensed products	Treatment of rheumatoid arthritis, psoriasis, ankylosing spondylitis, ulcerative colitis in adults, Crohn's disease in adults and children and fistulous Crohn's disease.	Yes	No	Injection
Hematology	EPOSINO (依普定®) Human Erythropoietin Injection	Proprietary products	Anemia caused by chemotherapy for non-myeloid malignancies; Anemia caused by renal insufficiency, including dialysis and non-dialysis patients; Erythrocyte mobilization during the perioperative period of surgery.	Yes	Yes	Injection

BUSINESS

Therapeutic Area	Product name	Source	Indication	Included in NRDL	Enrolled in VBP	Formulation
Antivirus	SINOGEN (赛若金®) Human Interferon α1b for Injection	Proprietary products	Treatment of viral diseases and certain malignant tumors. Treatment of chronic hepatitis B, hepatitis C and hairy cell leukemia.	Yes	Yes	Injection
	Kehuang Capsule	Proprietary products	For clearing heat and detoxifying, and removing blood stasis. It is applicable for symptoms such as distending or stabbing pain in the lateral thorax, masses under the rib-side, bitter and sticky mouth, poor appetite and abdominal distension, stained yellow of the face and eyes, scanty and dark urine, dark red tongue or with ecchymosis or petechiae, yellow and greasy tongue coating, wiry-slippery or rough pulse, etc., caused by internal accumulation of damp-heat toxins and blood stasis obstructing the collaterals, as well as acute and chronic hepatitis.	No	No	Capsule
Antivirus	SINGENSU (赛甘苏®) Entecavir Tablets	Proprietary products	Treatment of chronic adult hepatitis B patients with active viral replication, persistently elevated serum alanine aminotransferase, or active lesions shown in liver histology (including patients with compensatory and decompensatory liver disease).	Yes	Yes	Tablet
Digestive disorders. . .	CLOBICO (常乐康®)	Proprietary products	Acute and chronic diarrhea caused by acute non-specific infections, intestinal flora imbalance caused by antibiotics, chronic liver disease, and other factors, as well as related acute and chronic diarrhea and indigestion.	No	No	Powder/Capsule
	Combined Live Clostridium Butyricum and Bifidobacterium Powder/Capsule					

Note:

- (1) We only hold overseas commercialization rights for Arketin® Bevacizumab Injection.

BUSINESS

We continue to invest in in-house R&D and innovation, which enables us to meet substantial medical demands while achieving sustained revenue growth. SINOGEN (赛若金®) Human Interferon α 1b for Injection is China’s first gene-engineered innovative drug; according to Frost & Sullivan, it accounted for 55.2% of sales in China’s short-acting human interferon α 1b market in 2024, ranking first for six consecutive years by market share since 2019. EPOSINO (依普定®) Human Erythropoietin Injection is among the first products of its kind in China to commence development and obtain new drug certificate and marketing approval; according to Frost & Sullivan, it accounted for 16.7% in China’s human erythropoietin market in 2024 in terms of domestic sales revenue of EPO drugs, ranking second for the fourth consecutive year by market share since 2021. According to Frost & Sullivan, Our WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection accounted for 5.2% of sales in China’s short-acting human G-CSF market in 2024, ranking among the top six for the second consecutive year by market share.

EPOSINO (依普定®) Human Erythropoietin Injection

EPOSINO (依普定®) was among the first domestically developed human erythropoietin (EPO) products in China to receive both a new drug certificate and an official approval number. We are also one of the only two domestic manufacturers producing a 36,000 IU specification specifically approved for “treating anemia caused by chemotherapy for non-myeloid malignancies.”

EPOSINO (依普定®) Human Erythropoietin Injection precisely simulates the natural function of human EPO via a CHO cell expression system, directly targeting the core mechanism of anemia treatment — stimulating the proliferation and differentiation of erythroid hematopoietic progenitor cells in the bone marrow — thereby significantly increasing red blood-cell count and oxygen-carrying capacity. It has demonstrated significant efficacy in treating chemotherapy-induced anemia in patients with non-myeloid malignancies. Its clinical value focuses on two key areas: (i) long-term management of anemia due to renal insufficiency (both dialysis and non-dialysis patients); and (ii) perioperative erythrocyte mobilization, effectively reducing the need for blood transfusions and accelerating postoperative recovery. It was selected in the provincial and provincial alliance VBP scheme, and has been included in the NRDL.

Below is a sample picture of EPOSINO (依普定®):



BUSINESS

After nearly 30 years of market validation, EPOSINO (依普定®) has established differentiated advantages through its innovative prefilled-syringe formulation (the first of its kind in China) and its human-albumin-free formulation. The prefilled design enhances convenience for self-administration and avoids the risk of secondary contamination; the absence of blood-derived components eliminates the potential for viral contamination, providing more reliable protection for immunocompromised individuals.

As of the Latest Practicable Date, 14 EPO drugs had been approved by the NMPA. In 2024, in terms of domestic revenue of EPO drugs, our EPOSINO (依普定®) accounted for 16.7% of the market and ranked second in this market. The EPO drug market in China reached RMB3.0 billion in 2024, and is projected to grow to RMB3.7 billion in 2030 with a CAGR of 3.5%. EPOSINO (依普定®) has also earned international recognition through its global footprint — exported to over 30 countries and regions, including Brazil, the Philippines and Indonesia, becoming an important option for the treatment of renal anemia in developing countries.

During the Track Record Period, our revenue generated from the sales of EPOSINO (依普定®) was RMB721.5 million, RMB608.1 million, RMB654.0 million and RMB268.7 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, which accounted for 54.9%, 48.4%, 46.7% and 39.4% of our total revenue relating to pharmaceutical products during the respective year/period.

SINOGEN (赛若金®) Human Interferon $\alpha 1b$ for Injection

SINOGEN (赛若金®) Human Interferon $\alpha 1b$ for Injection is the world’s first interferon $\alpha 1b$ type developed via gene cloning and expression from Chinese individuals. The gene is derived from healthy Chinese umbilical cord blood leukocytes, aligning its clinical use with the natural antiviral state of the Chinese population. The drug exhibits significant antiviral, antitumor and immunomodulatory effects: by activating immune cells (e.g., macrophages and NK cells) and inducing antiviral proteins, it inhibits intracellular viral replication while enhancing clearance of infected and tumor cells. It has broad clinical utility and has been approved for the treatment of chronic hepatitis B, hepatitis C, and hairy cell leukemia. As a broad-spectrum antiviral, human interferon $\alpha 1b$ (IFN- α) is widely recognized in clinical practice. It was selected in the provincial VBP scheme, and has been included in the NRDL.

Below is a sample picture of SINOGEN (赛若金®):



BUSINESS

SINOGEN (赛若金[®]) is supplied as a lyophilized powder for injection in multiple strengths ranging from 10-60 µg/vial. It is reconstituted with sterile water for injection and administered intramuscularly or subcutaneously. Treatment duration is adjusted by indication (e.g., 4-6 months for chronic hepatitis, and continuous medication for over six months for leukemia). The product has a generally favorable safety profile. Common adverse reactions including mild fever and fatigue; a small number of patients may experience leukopenia or thrombocytopenia, which typically resolve after drug withdrawal. Contraindications include hypersensitivity to interferon, severe cardiovascular disease and central nervous system dysfunction. Its pediatric application has been expanded through aerosol inhalation (e.g., for pediatric respiratory infections), with a reported-adverse reaction rate of approximately 0.3%.

SINOGEN (赛若金[®]) Human Interferon α 1b for Injection is recognized as China’s first gene-engineered innovative drug. We are actively upgrading the formulation: the GB05 inhalation solution for pediatric RSV pneumonia has entered Phase III clinical trials, and is expected to address the gap in domestic symptomatic treatment for RSV.

As of the Latest Practicable Date, three recombinant human interferon α 1b drugs had been approved by the NMPA. According to Frost & Sullivan, SINOGEN (赛若金[®]) accounted for 55.2% of the market share in China by sales in 2024, ranking first in China’s short-acting human interferon α 1b market for six consecutive years since 2019, and serves over 4,400 hospitals. The recombinant human interferon α market size in China reached RMB3.1 billion in 2024, with a CAGR of 4.5% from 2019 to 2024, and is expected to further reach RMB4.6 billion in 2030 at a CAGR of 6.7% from 2024 to 2030.

During the Track Record Period, our revenue generated from the sales of SINOGEN (赛若金[®]) was RMB276.1 million, RMB310.6 million, RMB316.5 million and RMB128.9 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, which accounted for 21.0%, 24.7%, 22.6% and 18.9% of our total revenue relating to pharmaceutical products during the respective year/period.

WHITE-C (白特喜[®]) Human Granulocyte Colony-stimulating Factor Injection

WHITE-C (白特喜[®]) Human Granulocyte Colony-stimulating Factor Injection has been in clinical use for over 20 years, with extensive evidence-based applications. It is a first-line supportive therapy to elevate white-blood-cell counts and improving bone marrow hematopoiesis following tumor chemoradiotherapy. By mimicking the biological activity of endogenous G-CSF, it stimulates the proliferation and differentiation of hematopoietic cells, restoring neutrophil count and function. As key effectors of immune defense, neutrophils play a central role in pathogen clearance. WHITE-C (白特喜[®]), produced in *Escherichia coli* via genetic engineering technology, is a water-soluble, non-glycosylated protein with equivalent biological activity, directly addressing neutrophils caused by factors such as chemotherapy. Its indications is specifically neutropenia due to myelosuppressive chemotherapy drugs (particularly high-intensity regimes) in cancer patients, effectively preventing its occurrence, reducing severity, and accelerating neutrophil recovery, thereby lowering the risk of concomitant infection and fever. It was selected in the provincial VBP scheme, and has been included in the NRDL.

BUSINESS

In clinical practice, WHITE-C (白特喜®) significantly shortens the duration of neutropenia and enhances patients’ resistance to infections. The product is available in three injection specifications — 75µg/0.5ml, 150µg/0.5ml and 300µg/1ml — in both vials and prefilled syringes to support precise administration. Clinical experience has verified its effectiveness in maintaining stable granulocyte levels across chemotherapy cycles — particularly in preventing post-chemotherapy infection complications — making it an important component of supportive cancer care.

Below is a sample picture of WHITE-C (白特喜®):



According to Frost & Sullivan, our WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection accounted for 5.2% of the market share by sales in 2024, ranking among the top six in China’s short-acting human G-CSF market for two consecutive years. As one of the export products, WHITE-C (白特喜®) has entered into approximately 20 countries and regions, including several in Southeast Asia. Innovative dosage forms such as prefilled syringes further enhance its international competitiveness. Building on the know-how accumulated from WHITE-C, we have developed GB-K02, a long-acting rhG-CSF now in Phase III. Compared to short-acting preparations that require daily injections, the long-acting formulation is designed to cover a single chemotherapy cycle with a single dose.

As of the Latest Practicable Date, 21 rhG-CSF drugs had been approved by the NMPA. The market size of G-CSF in China grew from RMB6.4 billion in 2019 to RMB9.4 billion in 2024, with a CAGR of 7.8%. Among this, the market size of rhG-CSF in China grew from RMB2.9 billion in 2019 to RMB3.1 billion in 2024. Driven by the continuously growing demand for tumor treatment, the market size of G-CSF in China is projected to reach RMB12.3 billion by 2030, growing at a CAGR of 4.7%, while the market size of rhG-CSF is expected to reach RMB3.8 billion.

During the Track Record Period, our revenue generated from the sales of WHITE-C (白特喜®) was RMB180.1 million, RMB146.1 million, RMB158.4 million and RMB67.0 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, which accounted for 13.7%, 11.6%, 11.3% and 9.8% of our total revenue relating to pharmaceutical products during the respective year/period.

BUSINESS

CLOBICO (常乐康®) Combined Live Clostridium Butyricum and Bifidobacterium Powder/Capsule

CLOBICO (常乐康®) Combined Live Clostridium Butyricum and Bifidobacterium Powder/Capsule is a microecological (probiotic) preparation comprising two gut-origin strains: *Clostridium butyricum* and *Bifidobacterium infantis*. It synergistically supports intestinal flora balance: *C. butyricum* secretes butyric acid to help repair the intestinal mucosal barrier and inhibit pathogenic bacteria (such as *Vibrio cholerae* and *Escherichia coli* O157), while *Bifidobacterium* promotes colonization of beneficial flora and enhances immune response. It is therefore effective in acute non-specific infectious diarrhea, dysbiosis caused by antibiotic use or chronic liver disease, and related digestive disorders.

A core advantage of CLOBICO (常乐康®) is suitability across age groups — including the elderly, children, pregnant women and lactating mothers — with a very low clinical adverse-event rate (occasional mild rash or stomach discomfort that resolves spontaneously). The formulation does not contain enterococci, reducing the risk of transmitting antibiotic-resistance genes. For ease of use, CLOBICO (常乐康®) is available as powder (500mg/bag) and capsule (420mg/capsule). The powder contents can be mixed with cool water, juice or milk for children, addressing swallowing difficulties in young patients. The metabolic diseases drug market in China has seen a general growth trend, increasing from US\$13.3 billion in 2019 to US\$16.4 billion in 2024 and is projected to reach US\$29.3 billion by 2030.

Below is a sample picture of CLOBICO (常乐康®):



During the Track Record Period, our revenue generated from the sales of CLOBICO (常乐康®) was RMB122.2 million, RMB142.8 million, RMB125.1 million and RMB77.7 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, which accounted for 9.3%, 11.4%, 8.9% and 11.4% of our total revenue relating to pharmaceutical products during the respective year/period.

BUSINESS

Apexelsin® Paclitaxel for Injection (Albumin-Bound)

Apexelsin® Paclitaxel for Injection (Albumin-Bound) is a broad-spectrum anti-tumor drug mainly used for the treatment of multiple cancers including metastatic breast cancer, non-small cell lung cancer and metastatic pancreatic cancer. Compared with traditional solvent-based paclitaxel products, it does not use a polyoxyethylene castor oil solvent. In clinical use, premedication is generally not required prior to administration, infusion time is shorter, and the product is intended to offer potential advantages in safety and patient compliance. Albumin-bound paclitaxel is included in guidelines issued by the ESMO as one of the recommended treatment options for certain relevant cancers, including in some first-line settings. Apexelsin® was selected in the second batch of national VBP schemes in April 2020, and the provincial VBP schemes. It has also been included in the NRDL.

Below is a sample picture of Apexelsin®:



In April 2021, we entered into a collaboration agreement with Haichang Biotech, securing global commercialization rights for this product excluding the United States. In October 2023, it received marketing approval from the NMPA. In April 2024, our production line of Apexelsin® obtained EU GMP certification, and we have gained market access in 35 countries and regions across Europe, Asia and South America as of the Latest Practicable Date.

According to Frost & Sullivan, the global market for albumin-bound paclitaxel drug grew from USD1.4 billion in 2019 to USD2.6 billion in 2024, and is projected to grow to USD5.6 billion by 2030 at a CAGR of 13.4%. In 2024, the albumin-bound paclitaxel drug market in Europe reached USD0.7 billion, accounting for 27.0% of the overall market. It is projected that by 2030, the albumin-bound paclitaxel drug market in Europe will grow to USD1.4 billion at a CAGR of 12.2%.

In 2024, the size of China's albumin-bound paclitaxel drug export market reached RMB493.1 million. As of the Latest Practicable Date, three pharmaceutical companies in China had exported albumin-bound paclitaxel.

BUSINESS

We commenced sales of Apexelsin® in the third quarter of 2024. From its launch in the third quarter of 2024 through June 30, 2025, sales revenue from our Apexelsin® amounted to RMB119.3 million. As we obtain marketing authorizations and launch in additional countries and regions, we expect Apexelsin® to generate more revenue.

Reminton (类停®) Infliximab for Injection

Reminton (类停®) Infliximab for Injection is the first infliximab biosimilar marketed in China, manufactured by Taizhou Mabtech Pharmaceutical with Kexing Biopharm responsible for exclusive promotion services in Chinese Mainland. It is supplied as an injection in 100mg/vial. Reminton is a monoclonal antibody targeting TNF- α that specifically binds to TNF- α and blocks the inflammatory cascade triggered by it. It is a first-line biologic for the treatment of autoimmune diseases, including rheumatoid arthritis, ankylosing spondylitis, psoriasis, Crohn’s disease (in adults and children over 6 years old), fistulizing Crohn’s disease, and UC (in adults). It has been included in the NRDL.

Below is a sample picture of Reminton (类停®):



In Phase III studies, Reminton (类停®) demonstrated therapeutic equivalence to the originator Remicade® (Johnson & Johnson). Its manufacturing process uses a CHO cell expression technology and serum-free culture technology, significantly reducing immunogenicity and eliminating the risk of prion contamination, thereby supporting safer patient use.

Our collaboration with Taizhou Mabtech Pharmaceutical Co., Ltd. was carried out in two phases. In 2021, we obtained commercialization rights for over 30 overseas countries and regions; in March 2022, we further secured exclusive promotion rights in Chinese Mainland. Developed by Taizhou Mabtech, the drug received NMPA marketing approval in July 2021. Our target markets include China, as well as South America, the Middle East, North Africa and Southeast Asia. As of the Latest Practicable Date, the product had been obtained marketing approvals in Peru, Indonesia, Pakistan, and Bangladesh.

BUSINESS

Given the large patient pool in China, and the development and advancement of innovative therapies, the autoimmune disease drugs market in China increased from USD2.4 billion in 2019 to USD5.1 billion in 2024 at a CAGR of 16.8%, and is expected to further increase to USD19.0 billion in 2030 at a CAGR of 24.5%, according to Frost & Sullivan. The biologics sector has developed rapidly since 2017 due to the boom of innovative biologics R&D. The market share of biologics increased from 22.7% in 2019 to 48.1% in 2024, and is forecasted to reach 65.6% in 2030. As of the Latest Practicable Date, five Infliximab drug had been approved by the NMPA. Our Reminton ranked second in China’s Infliximab market in terms of sales revenue in 2024, accounting for 10.6% of market share.

During the Track Record Period, our revenue generated from the commercialization of Reminton (类停®) was RMB13.9 million, RMB46.7 million, RMB96.9 million and RMB59.1 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, which accounted for 1.1%, 3.7%, 6.9% and 8.7% of our total revenue relating to pharmaceutical products during the respective year/period.

Main Products Candidates

Our main product candidate pipeline is divided into innovative drugs, modified innovative drugs and biosimilar candidate. We currently have 12 innovative drug candidates, one modified innovative drug candidate and two biosimilar candidates under development. The table below sets forth the progress of our key R&D pipelines that were in the preclinical or clinical trial stage as of the Latest Practical Date:

Therapeutic Area	Pipeline	Drug Category	Target	Technology Platform	Indication	Intellectual Property	Preclinical Research	IND	Phase I/II Clinical Trial	Phase III Clinical Trial
Oncology	★ GB18	Innovative Drug	GDF15	KX-BODY	Cancer Cachexia	Self-owned	China			
		Innovative Drug	GDF15	KX-BODY	Cancer Cachexia	Self-owned	U.S.			
	GB23	Innovative Drug	PD-1/GPC3/IFN	KX-BODY	Solid Tumors	Self-owned	China, U.S.			
	GB25	Innovative Drug	CD3/CDH17/CDH17	KX-BODY	Colorectal Cancer	Self-owned	China, U.S.			
	GB27	Innovative Drug	PD-1/IFN	KX-BODY	Solid Tumors	Self-owned	China, U.S.			
Autoimmune Diseases	GB-K02	Biosimilar	PEG-GC	KX-FUSION	Neutropenia	Self-owned	China			
	★ GB12	Innovative Drug	IL-4R/IL-31	KX-BODY	Atopic Dermatitis	Self-owned	China, U.S.			
	GB19	Innovative Drug	BDCA2	KX-BODY	SLE/CLE	Self-owned	China, U.S.			
	GB20	Innovative Drug	TL1A	KX-BODY	IBD	Self-owned	China, U.S.			
	★ GB24	Innovative Drug	TL1A/LIGHT	KX-BODY	IBD	Self-owned	China, U.S.			
	GB26	Innovative Drug	BDCA2/CD19/CD32b	KX-BODY	SLE/CLE	Self-owned	China, U.S.			
Others	GB05	Modified New Drug	IFN-αR	KX-FUSION	RSV-LRTI	Self-owned	China			
		Innovative Drug	IFN-αR	KX-FUSION	RSV-LRTI	Self-owned	U.S.			
	GB06	Biosimilar	GHR	KX-FUSION	GHD	Self-owned	China			
	GB08	Innovative Drug	FC-GHR	KX-FUSION	GHD	Self-owned	China			
	★ GB10	Innovative Drug	VEGF/ANG-2	KX-BODY	AMD	Self-owned	China			
		Innovative Drug	VEGF/ANG-2	KX-BODY	AMD	Self-owned	U.S.			
	GB13	Innovative Drug	–	K’Exosome	Acute Kidney Injury	Self-owned	China			

 Clinical Trial
  Preclinical Research
  Key Pipelines

Note:

- Drug types in the PRC are classified according to the 2020 edition of the Administrative Measures for Drug Registration. Innovative drugs refer to the new drugs in Category 1; GB05 is classified as modified new drugs in Category 2.1 in China and as innovative drugs in the United States; GB06 refers to the biosimilar drugs in Category 3.3; GB-K02 refers to the other biological products in Category 3.4.

BUSINESS

Based primarily on the clinical development progress of our product candidates and our industry experience as of the Latest Practical Date, we anticipated obtaining 10 IND approvals from the NMPA for our innovative drugs and product candidates during 2025 to 2027, comprising two, four and four IND approvals in 2025, 2026 and 2027, respectively. However, actual results remain uncertain and may differ from these projections (including the forward-looking statements regarding specific products and product candidates discussed below) due to various factors beyond our control, including the progress of our clinical trials, regulatory approvals and regulatory changes. Forward-looking statements involve inherent risks and uncertainties, all of which are difficult or impossible to predict accurately. For further details, see “Risk Factors — Risks Related to the [REDACTED] — Forward-looking statements contained in this document are subject to risks and uncertainties”.

The following introduces our product candidates in clinical trial stage as of the Latest Practicable Date.

GB18 (GDF15 mAb)

Overview

GB18 (product code: GB18, product name: GB18 Injection) is a self-developed, humanized monoclonal antibody targeting GDF15, being developed for the potential treatment of cancer cachexia. The product has obtained clinical trial approvals from both the FDA and NMPA, and is currently undergoing a Phase I clinical study in China. GB18 has the potential to be a best-in-class therapy within its target class.

Mechanism of Action

GDF15 is a stress-induced cytokine that plays a critical role in mediating anorexia, weight loss, and muscle wasting associated with cancer cachexia. GB18 specifically binds to the GDF15 ligand and prevents its interaction with its receptor, GFRAL, and the co-receptor RET. By blocking the GDF15–GFRAL/RET signaling pathway, GB18 is designed to restore appetite, increase body weight, and improve cachexia-related symptoms.

Indication

GB18 is being developed for the treatment of cancer cachexia, a severe metabolic syndrome associated with malignant tumors and characterized by weight loss, muscle atrophy, and reduced quality of life.

Clinical Development

The ongoing Phase I clinical trial of GB18 in China comprises two phases:

- Phase Ia (Healthy Volunteers):
 - o *Design:* Single-dose, subcutaneous administration
 - o *Objectives:* To evaluate the safety, tolerability, PK, PD, and immunogenicity of GB18 in healthy participants

BUSINESS

- o *Exploratory endpoints:* Body weight changes and the correlation between serum drug concentration and QTc interval
- Phase Ib (Patients with Cancer Cachexia):
 - o *Design:* Multiple-dose, subcutaneous administration
 - o *Objectives:* To evaluate the safety, tolerability, and preliminary efficacy of GB18 in patients with cancer cachexia, as well as PK, PD, and immunogenicity profiles
 - o *Exploratory endpoints:* Impact of GB18 administration on ongoing anti-tumor therapy
- Study design: Randomized, double-blind, parallel-group, single-country (China) clinical study.
- Sample size: Approximately 52 participants (36 in Phase Ia and 16 in Phase Ib).
- Status: Recruitment initiated; the first healthy subject has received dosing.

GB18 received IND approval from the FDA on May 19, 2025 and NMPA clinical trial approval on May 26, 2025.

Preclinical Pharmacology and Safety

Preclinical studies demonstrated that GB18 significantly reversed cancer cachexia-related weight loss, increased muscle mass and fat reserves, improved muscle fiber structure and metabolic function, and enhanced exercise capacity in animal models of both cancer and chemotherapy-induced cachexia.

In repeat-dose toxicology studies, GB18 achieved a NOAEL of 144 mg/kg, exceeding the 100 mg/kg NOAEL reported for Pfizer’s ponesimomab. Safety pharmacology studies showed no significant effects on cardiovascular, central nervous, or respiratory systems in non-human primates (cynomolgus monkeys) and Sprague-Dawley rats.

Key Features and Differentiation

- **Optimized structure:** GB18 utilizes a nanobody-based design with a humanized Fc region incorporating LALA mutations, eliminating ADCC and CDC activities, thereby enhancing safety.
- **Favorable PK profile:** GB18 exhibited low plasma clearance, long half-life, and high absolute bioavailability in non-clinical studies, with no significant gender difference.

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- Convenient dosing: Based on preclinical PK data, GB18 is expected to support subcutaneous administration once every 3–4 weeks, substantially reducing patient treatment burden compared with therapies requiring hospital-based infusions.
- High-concentration formulation: The drug substance achieves a protein concentration of 150 mg/mL, which is an exceptionally high formulation concentration, enabling subcutaneous dosing and improving patient compliance.

Competitive Landscape

Currently, no GDF15-targeting therapy has been approved globally. Among products under development, Pfizer’s Ponegromab and CatalYm GmbH’s Visugromab have advanced to Phase II/III clinical studies, while AVEO Oncology has developed GDF15 antibodies (AV-380) at Phase I stages overseas.

GB18 is ranking second domestically only to Pfizer in terms of clinical trial stage.

Manufacturing and R&D Collaboration

GB18 was independently discovered and developed by us. The production process was developed in-house, and we have engaged Sherpa Biologics (Suzhou) Co., Ltd. as CDMO to manufacture two pilot-scale GMP-compliant batches. We retain full domestic and international rights to GB18 and has not entered into any licensing, joint development, or milestone payment arrangements for this product candidate.

Future Development and Commercialization Strategy

We intends to continue advancing GB18 through clinical development in China. Depending on clinical outcomes, we plan to seek regulatory designations such as Breakthrough Therapy from the CDE to accelerate development and approval. For commercialization, we plan to explore collaborations or out-licensing opportunities for international development, while retaining flexibility in potential partnership structures.

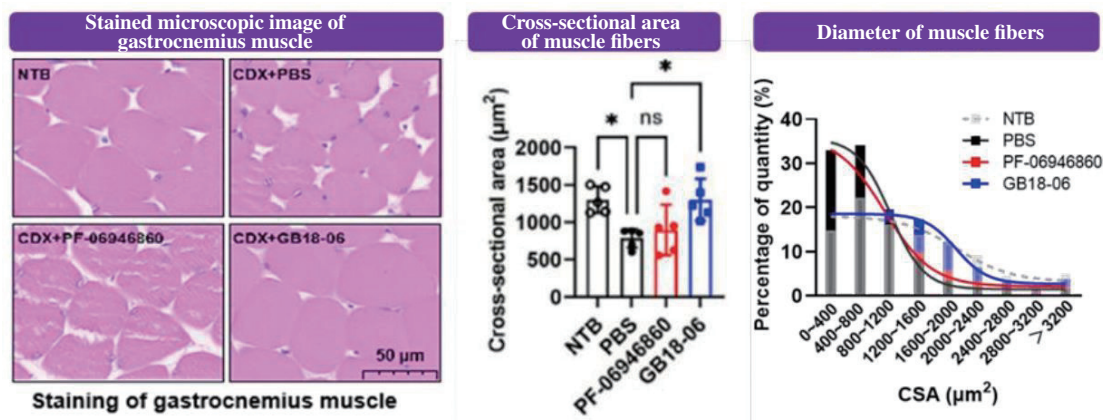
Market Opportunity

Cancer cachexia represents a large, unmet medical need. The *Clinical Diagnosis and Treatment Guidelines for Cancer Cachexia (2020 edition)* indicate that 60–80% of patients with advanced malignant tumors experience cachexia, and approximately 20% of cancer deaths are directly related to it.

Currently, no innovative drugs have been approved by the FDA or EMA for the treatment of cancer cachexia. The only approved product worldwide—anamorelin by Juniper Biologics in Japan—improves appetite but has limited impact on muscle function.

BUSINESS

Figure: GB18 demonstrates significant improvement in muscle fiber microstructure in animal efficacy models



WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB18 SUCCESSFULLY.

GB08 Long-Acting Growth Hormone

Overview

GB08 (product code: GB08, product name: GB08 Injection) is a self-developed Fc-fusion of human growth hormone (hGH) designed to extend serum half-life via Fc receptor (FcRn)-mediated recycling. GB08 is being developed for the treatment of pediatric growth hormone deficiency (pGHD). The product obtained NMPA clinical trial approval on May 23, 2024, completed a Phase I study in healthy adults in China, and has initiated a Phase II study in pediatric patients.

Mechanism of Action

hGH is a 191-amino-acid peptide hormone that exerts anabolic and growth-promoting effects through binding to the growth hormone receptor (GHR), inducing receptor dimerization and activating JAK2 signaling, which in turn drives downstream transcriptional programs, including induction of IGF-1 and IGFBP-3. GB08 consists of hGH fused to an IgG4 Fc domain (via a peptide linker), preserving hGH biological activity while engaging the neonatal FcRn to reduce lysosomal degradation and prolong systemic exposure. The growth-promoting effects are mediated both directly (e.g., on chondrocytes and osteoblasts) and indirectly through hepatic IGF-1 production, which supports linear bone growth and bone turnover.

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Indication

GB08 is being developed for pGHD.

Clinical Development

Completed Phase I (China; healthy adults)

- Design: Randomized, double-blind, placebo-controlled, single-ascending-dose study with an open-label positive-control arm (domestic long-acting GH), parallel groups.
- Objectives: Safety/tolerability (primary); PK, PD (including IGF-1), and immunogenicity (secondary).
- Sample size: 48 subjects.
- Key dates: First informed consent June 13, 2024; first dosing June 15, 2024; study completion November 17, 2024.
- Top-line conclusion: GB08 was generally well tolerated following single subcutaneous administration. Half-life and PD findings were consistent with once-weekly dosing. Exploratory comparisons indicated that at 0.8 mg/kg, GB08 produced IGF-1 increases of a similar magnitude to those observed with a marketed weekly GH at 0.2 mg/kg; these cross-study comparisons are descriptive and not inferential.

Ongoing Phase II/III (China; pGHD)

- Title: A multicenter, randomized, open-label, active-controlled Phase II/III study evaluating the efficacy and safety of GB08 Injection in pediatric subjects with GHD.
- Design: Two-stage, parallel-group comparison versus Norditropin[®] FlexPro[™] (active control).
 - o Stage 1 (24 weeks): Primary efficacy comparison vs. active control; dose selection for Stage 2.
 - o Stage 2 (up to Week 52): Primary efficacy comparison vs. active control through 52 weeks.
 - o Secondary: Safety, immunogenicity, PK/PD (including IGF-1/IGFBP-3) across 52 weeks.
- Planned sample size: 268 subjects.

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- Status: Recruiting; first informed consent 15 Aug 2025; first patient dosed 29 Aug 2025.
- Dose rationale: Population PK/PD modeling supports further evaluation around 0.8 mg/kg once weekly in children.

Non-Clinical Pharmacology and Safety/PK

In non-clinical models (including hypophysectomized rats), GB08 demonstrated growth-promoting activity consistent with hGH pharmacology. As an Fc-fusion, GB08 showed low clearance, prolonged half-life, and high absolute bioavailability in animals. In the Phase I study in healthy adults, GB08 exhibited a predictable dose–exposure relationship and acceptable immunogenicity (monitoring to continue in subsequent trials).

Key Features and Differentiation

- Mechanism-based half-life extension: hGH–Fc fusion designed to leverage FcRn recycling for weekly dosing potential.
- Clinical convenience: Weekly SC dosing may mitigate adherence challenges associated with daily rhGH injections.
- Manufacturability: CHO-cell expression with established pilot-scale process; reported expression >10 g/L; analytical profile includes SEC purity ~99.5% and nr-CE ~98.0%.

Competitive Landscape

Standard therapy for GHD includes daily rhGH and several long-acting GH products approved in various markets with differing half-life-extension strategies (e.g., PEGylation, albumin binding, pro-drug/TransCon, C-terminal fusion). GB08 employs an Fc-fusion approach distinct from these modalities. As of the Latest Practicable Date, no identical Fc-hGH fusion had been approved in China or overseas accordingly to publicly available information.

Manufacturing and R&D Collaboration

GB08 was independently discovered and developed by us. We have established in-house production process in-house and engaged Bioworksops (Suzhou) Co., Ltd. as CDMO to manufacture two pilot GMP batches and perform quality studies. We retain full domestic and international rights; there are no licensing, joint development, milestone, or royalty arrangements for this product candidate.

BUSINESS

Future Development and Commercialization Strategy

We plans to continue development in China in pGHD and, depending on clinical outcomes, may seek accelerated regulatory designations (e.g., Breakthrough Therapy) with the CDE. For globalization, we will consider partnerships or out-licensing, with flexible collaboration structures.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB08 SUCCESSFULLY.

GB06 Human Growth Hormone Injection

Overview

GB06 (product code: GB06, product name: recombinant human growth hormone injection) is a self-developed daily recombinant human growth hormone (rhGH) product intended for the treatment of growth failure due to inadequate secretion of endogenous growth hormone in children. We obtained NMPA clinical trial approval on June 21, 2023, completed a Phase I comparative bioequivalence study in healthy adults in China, and is planning to initiate a Phase III study in pediatric patients (not yet recruiting).

Mechanism of Action

rhGH binds to dimeric GHR on target cells, inducing receptor dimerization and downstream JAK2 signaling, which increases transcription/translation of GH-dependent proteins including IGF-1, IGFBP-3, and the acid-labile subunit. These pathways promote chondrocyte differentiation and proliferation, protein synthesis, lipolysis, and hepatic glucose output, thereby supporting linear bone growth in GH-deficient children.

Indication

GB06 is being developed for pediatric growth failure due to GHD.

Clinical Development

Completed Phase I (China; healthy adults)

- Design: Single-center, randomized, blinded, single-dose, two-period, two-sequence crossover study comparing GB06 with the reference Norditropin[®]/Nozhe[®] after subcutaneous administration.
- Objectives: Primary–PK bioequivalence; Secondary–PD, immunogenicity, safety.
- Sample size: 50 subjects.

BUSINESS

- Key dates: First informed consent May 7, 2025; first dosing May 9, 2025; study completion August 29, 2025.
- Summary: GB06 and the reference product were bioequivalent on prespecified PK endpoints. PD and immunogenicity profiles were similar. Both products were well tolerated, with no serious adverse events and no discontinuations due to adverse events, supporting progression to late-stage studies.

Phase III (China; pediatric GHD)

- Design: Multicenter, randomized, open-label, active-controlled study comparing GB06 with Norditropin®/Norditropin® FlexPro™ in children with GHD.
- Primary objective: Compare efficacy between GB06 and active control.
- Secondary objectives: Compare safety and immunogenicity.
- Planned sample size: 192 subjects.
- Status: Not yet recruiting.

Non-Clinical Pharmacology and PK

Non-clinical studies are consistent with the known pharmacology of rhGH. The clinical PK/PD outcomes from the Phase I study provide the basis for dose selection in pediatric confirmatory trials.

Key Features and Differentiation

- Biosimilar objective: We are developing GB06 with the goal of achieving similar quality and clinical performance to Norditropin®/Nozhe® as the reference in China.
- Process readiness: Our expression and purification approach is designed for high upstream yield with a streamlined downstream process.

Competitive Landscape

rhGH products have been available globally for decades and remain standard of care for pediatric GHD. Our GB06 is an rhGH injection being developed with Norditropin®/Nozhe® as the domestic reference product.

BUSINESS

R&D Collaboration and Rights

We engaged CROs for non-clinical and clinical operations. We own all rights to GB06, and there are no license-in, license-out, joint development, milestone, or royalty arrangements.

Future Development and Commercialization Strategy

We plan to advance the Phase III program in pediatric GHD in China and will refine our commercialization approach as clinical data mature.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB06 SUCCESSFULLY.

GB-K02 PEGylated Human Granulocyte Colony-stimulating Factor Injection

Overview

GB-K02 (product code: GB-K02, product name: PEG-G-CSF injection) is a PEGylated recombinant human G-CSF being developed as a biosimilar to Neulasta® (pegfilgrastim, Amgen). The product is designed to reduce the incidence of febrile neutropenia in patients with non-myeloid malignancies receiving myelosuppressive chemotherapy. We obtained NMPA clinical trial approval on October 14, 2022, completed a Phase I comparative bioequivalence study in healthy adults in China, and initiated a Phase III clinical trial in early 2025.

Mechanism of Action

G-CSF is a hematopoietic growth factor that regulates the production, maturation, and activation of neutrophils through binding to the G-CSF receptor on hematopoietic progenitor cells. Activation of this receptor promotes proliferation and differentiation of precursor cells and enhances the chemotactic, phagocytic, and oxidative functions of mature neutrophils. PEGylation of G-CSF with a 20 kDa polyethylene glycol chain extends the molecule’s circulating half-life, enabling once-per-chemotherapy-cycle dosing while maintaining efficacy equivalent to daily short-acting G-CSF.

Indication

GB-K02 is being developed to reduce the incidence of infection manifested as febrile neutropenia in patients with non-myeloid malignancies receiving myelosuppressive chemotherapy associated with a clinically significant risk of febrile neutropenia.

Clinical Development

Completed Phase I (China; healthy adults)

- Design: Randomized, double-blind, two-way crossover study comparing GB-K02 and the reference product Neulasta® (pegfilgrastim, Amgen Europe B.V.).

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- Objectives: Primary–PK/PD bioequivalence; Secondary–safety and immunogenicity.
- Sample size: 170 subjects.
- Key dates: First informed consent March 28, 2023; first dosing April 3, 2023; study completion October 27, 2023.
- Summary: GB-K02 and Neulasta[®] demonstrated bioequivalence in PK and PD parameters. Safety profiles were comparable, with no meaningful differences or new safety signals observed.

Phase III (China; patients receiving myelosuppressive chemotherapy)

- Design: Multicenter, randomized, blinded, parallel-group comparative study versus Neulasta[®].
- Objectives: Primary–evaluate efficacy in preventing chemotherapy-induced neutropenia; Secondary–evaluate safety and immunogenicity.
- Sample size: 250 subjects.
- Key dates: First informed consent January 2, 2025; first patient dosed January 7, 2025; last patient enrolled July 25, 2025.
- Status: Enrollment completed; data analysis ongoing.

Non-Clinical Pharmacology and PK

Preclinical studies confirmed that GB-K02 exhibits the expected pharmacological activity of G-CSF, increasing neutrophil counts in a dose-dependent manner. PEGylation extended systemic exposure consistent with the PK of long-acting G-CSF analogues.

Key Features and Differentiation

- Biosimilar objective: We are developing GB-K02 to achieve analytical, non-clinical, and clinical similarity to the reference product Neulasta[®].
- Patient convenience: PEGylation enables once-per-cycle administration, improving compliance compared with daily short-acting G-CSF.
- Manufacturing efficiency: We have established a scalable process suitable for commercial-grade production.

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Competitive Landscape

Pegfilgrastim (Neulasta®) was first approved in the U.S. in January 2002 and in the EU in August 2002. In China, several long-acting G-CSF products have rapidly expanded the domestic market, driven by the growing number of cancer patients receiving chemotherapy. As a biosimilar candidate to Neulasta®, GB-K02 is positioned to enhance treatment accessibility for chemotherapy patients and meet increasing demand for cost-effective, long-acting G-CSF therapies.

R&D Collaboration and Rights

We engaged CRO partners for pre-clinical and clinical research activities. We own all rights to GB-K02, and there are no license-in, license-out, joint development, milestone, or royalty arrangements.

Future Development and Commercialization Strategy

We plan to complete Phase III and pursue registration in China as a biosimilar to Neulasta®. Subject to approval, we will evaluate commercialization options, including independent marketing or potential partnerships to expand access.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB-K02 SUCCESSFULLY.

GB05 Human $\alpha 1b$ (Mutant) Interferon Inhalation Solution

Overview

GB05 (product code: GB05, product name: interferon- $\alpha 1b$ inhalation solution) is a self-developed recombinant interferon- $\alpha 1b$ formulated for nebulized inhalation. GB05 is being developed for the treatment of pediatric RSV lower respiratory tract infection (LRTI), including pneumonia and bronchiolitis. The product obtained NMPA clinical trial approval on November 9, 2022, completed Phase I (Ia and Ib) and has initiated Phase III in China. GB05 was included in the CDE Breakthrough Therapy program on September 23, 2025. An FDA IND was cleared on January 29, 2025.

Mechanism of Action

Interferon- $\alpha 1b$ is a type I interferon that binds the heterodimeric interferon- α receptor (IFNAR1/IFNAR2) on host cells, triggering JAK–STAT signaling (notably STAT1/2/3/5) and formation of transcriptional complexes (e.g., ISGF3 with IRF9). This induces interferon-stimulated genes (ISGs), including 2'–5'-oligoadenylate synthetase, PKR, and Mx proteins, which collectively inhibit viral replication at multiple stages (entry, uncoating, replication, assembly, and release). Nebulized administration delivers drug directly to the respiratory mucosa and distal airways, achieving high local pulmonary exposure with comparatively low systemic exposure.

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Indication

GB05 is being developed for pediatric RSV lower respiratory tract infection (pneumonia and bronchiolitis).

Clinical Development

Completed Phase Ia (China; healthy adults)

- Design: Randomized, double-blind, placebo-controlled; single-ascending-dose and multiple-ascending-dose (nebulized).
- Objectives: Safety/tolerability (primary); PK and immunogenicity (secondary).
- Sample size: 35 subjects.
- Key dates: First informed consent January 7, 2023; first dosing January 9, 2023; study completion April 21, 2023.
- Summary (company data): No $\geq$ Grade 3 adverse events; events resolved or improved. No subjects were immunogenicity-positive. Systemic exposure (C_{max}, AUC) increased with dose; twice-daily dosing at 1.8 million IU reached steady state after three days.

Completed Phase Ib (China; healthy adults)

- Design: Randomized, open-label, single-center; single nebulized dose.
- Objectives: Primary–local pulmonary PK (e.g., ELF, AM); Secondary–serum PK, safety/tolerability, immunogenicity.
- Sample size: 40 subjects.
- Key dates: First informed consent June 21, 2023; first dosing June 26, 2023; study completion October 7, 2023.
- Summary (company data): ELF and AM exposures increased with dose and were substantially higher than serum exposure. PopPK supported a one-compartment model with first-order absorption/elimination in lung and blood. Dose projections for pediatrics (mask inhalation) identified 4–6 µg/kg BID as the exploration range; safety was acceptable and immunogenicity negative at 1.2–1.8 million IU in adults.

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Phase III (China; pediatric RSV LRTI)

- Design: Multicenter, randomized, double-blind, placebo-controlled sequential program (dose-finding phase followed by confirmatory phase).
- Planned sample size: 322 subjects.
- Key dates (company data): First informed consent March 27, 2024; first patient enrolled March 31, 2024; targeted overall completion May 19, 2025.
- Dose-finding phase summary (company data): At 4 µg/kg and 6 µg/kg (nebulized BID), GB05 showed dose-dependent clinical benefit trends vs. placebo; the 6 µg/kg group demonstrated more pronounced improvement in bronchiolitis symptoms/signs and faster viral load reduction. PK supported longer exposure at 6 µg/kg. Safety and tolerability were comparable to placebo within the tested ranges. The data support advancing 6 µg/kg into Phase III confirmation.

Non-Clinical Pharmacology and PK

Non-clinical studies support antiviral activity consistent with type I interferon biology and the feasibility of inhaled delivery to achieve high local pulmonary concentrations with reduced systemic exposure. PopPK modeling integrating adult ELF and serum data was used to project pediatric dosing for subsequent clinical evaluation.

Key Features and Differentiation

- Direct-to-lung delivery: Nebulized interferon-α1b designed to concentrate drug in the respiratory tract where RSV replicates, potentially enabling rapid antiviral activity with limited systemic exposure.
- Dose rationale: Adult ELF/serum PopPK results support 6 µg/kg BID for Phase III.
- Regulatory momentum: Included in the CDE Breakthrough Therapy program (September 2025).

Competitive Landscape

Several domestic pharmaceutical companies are developing interferon-based or antiviral inhalation therapies targeting pediatric RSV infections. As of the Latest Practicable Date, no interferon-α1b inhalation solution had been approved for marketing in China. Compared with these programs, GB05 is among the more advanced inhaled interferon therapies in clinical development for pediatric RSV lower respiratory tract infection, having progressed to a Phase III confirmatory study and received Breakthrough Therapy designation from the CDE.

BUSINESS

Manufacturing and R&D Collaboration

We self-developed GB05 and have utilized CROs for non-clinical and clinical studies. We retain full domestic and international rights. There are no license-in, license-out, joint development, milestone, or royalty arrangements for this product candidate.

Future Development and Commercialization Strategy

We plan to continue development in China for pediatric RSV LRTI, progressing the confirmatory Phase III at the 6 µg/kg BID dose level based on dose-finding phase findings. Depending on clinical outcomes, the Company intends to pursue accelerated pathways available under PRC regulations.

Market Context

RSV is a leading cause of acute lower respiratory tract infection in children under five years of age worldwide and a major driver of infant hospitalization. In China, interferon and ribavirin products are commonly available as injectables; inhalation use and pediatric dosing are frequently off-label. Expert consensus and national formularies in China recognize nebulized interferon-α as an antiviral option for RSV-related LRTI in children, reflecting clinical practice needs for an on-label, pediatric-appropriate inhalation therapy.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB05 SUCCESSFULLY.

The following introduces our product candidates in preclinical stage as of the Latest Practicable Date.

GB12 (IL-4R/IL-31 Bispecific Antibody)

GB12 (IL-4R/IL-31 bispecific antibody) is intended for the treatment of atopic dermatitis. GB12 employs a dual-blocking mechanism to address two major clinical challenges in patients with atopic dermatitis, simultaneously achieving anti-inflammatory and anti-pruritic effects. By blocking both IL-4R and IL-31, GB12 provides dual-pathway inhibition of inflammation and neuronal signaling, resulting in a stronger synergistic effect while reducing the side effects associated with high-dose IL-4R therapy. Furthermore, GB12 has been engineered with a YTE modification at the Fc region, substantially extending the half-life of the bispecific antibody and offering a potentially best-in-class therapeutic mechanism. Preclinical data demonstrate that GB12 shows significant efficacy in both inflammation and pruritus indicators, with notably superior anti-pruritic activity compared to the marketed Nemolizumab.

BUSINESS

Currently, the GB12 project is in the preclinical study phase, having completed molecular design, *in vitro* activity verification, and preliminary druggability assessment. We are advancing the pharmacological and toxicological evaluation as well as production process development of this project, preparing for subsequent clinical trial applications.

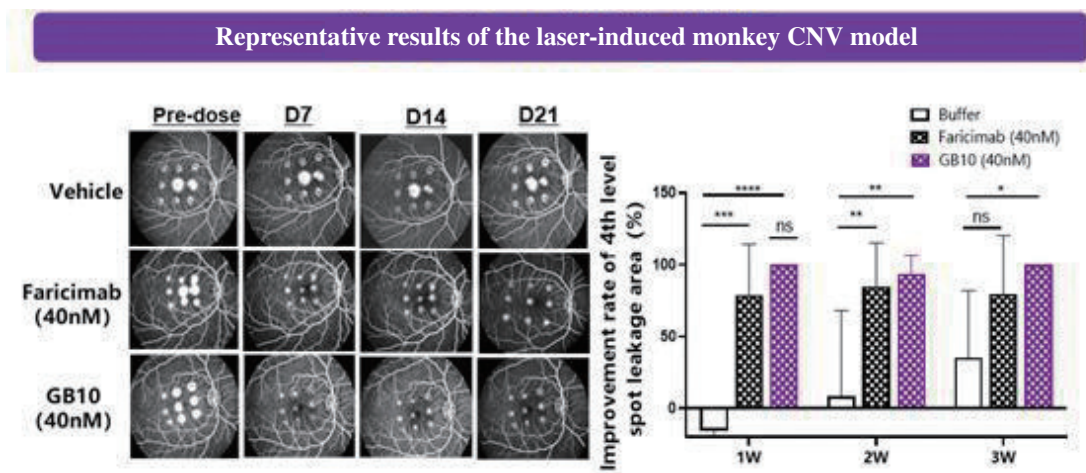
WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB12 SUCCESSFULLY.

GB10 (VEGF/ANG-2 Dual-Target Antibody Fusion Protein)

GB10 (VEGF/ANG-2 bispecific antibody) is intended for the treatment of retinal angioproliferative diseases. This project utilizes a bispecific antibody technology platform to target two critical pathological pathways of vascular endothelial growth factor (VEGF) and angiopoietin-2 (ANG-2) simultaneously, thereby more effectively inhibiting abnormal vascular proliferation and leakage.

GB10 is a high-concentration ophthalmic protein drug formulation. It effectively inhibits retinal angiogenesis in a laser-induced monkey CNV (choroidal neovascularization, CNV) efficacy model.

**Chart: GB10 effectively inhibits retinal angiogenesis
in a laser-induced monkey CNV model**



GB10 has achieved an ultra-high formulation concentration of 140mg/mL, which effectively reduces the injection volume or increases the dosage, prolongs the dosing cycle, and is expected to achieve dosing once every four months, greatly improving compliance.

We have submitted the IND application for GB10 in China in September 2025 and expect to file an IND application to with the FDA by the end of 2025. According to Frost & Sullivan, currently, only Roche’s Faricimab, a VEGF/ANG-2 dual-antibody drug, has been approved for marketing by the FDA and NMPA. We are one of the companies that started developing drugs for this target earlier.

BUSINESS

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB10 SUCCESSFULLY.

GB20 (TL1A mAb)/GB24 (TL1A/LIGHT Bispecific Antibody)

GB20 (TL1A mAb) is a product candidate indicated for a novel target in IBD. GB20 utilizes innovative molecular structure design and has currently identified a preclinical candidate compound (PCC). Its *in vivo* and *in vitro* activities outperform competing products, and it possesses core advantages such as low immunogenicity, high safety and excellent druggability. As an innovative biologic drug, GB20 is currently in the preclinical research stage, focusing on the pharmacological and toxicological evaluation of the candidate molecule, process development and formulation optimization, laying the foundation for subsequent clinical trial applications.

GB24 (TL1A/LIGHT bispecific antibody) is used for the treatment of IBD. It targets the emerging target LIGHT, which exhibits strong functional and mechanistic synergy with TL1A, and offers dual effects of anti-inflammatory and anti-fibrotic, potentially covering the full course of IBD treatment.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOPE AND COMMERCIALIZE GB20 SUCCESSFULLY.

COLLABORATION AND LICENSING

We have entered into a number of collaboration and licensing agreements with partners in the PRC and overseas to expand our business presence in global market and maximize the commercial value of our product portfolio.

Collaboration Agreement with Haichang Biotech

In April 2021, we entered into a collaboration agreement with Haichang BioTech for paclitaxel for injection (albumin-bound) (as amended by a supplemental agreement in December 2024, the “**Haichang Agreement**”). Haichang Biotech is an international company dedicated to the R&D, production, and sales of gene delivery and liposome drugs in the specialized field of innovative formulations.

Pursuant to the Haichang Agreement, we were granted the exclusive right to commercialize paclitaxel for injection (albumin-bound) in global markets other than the U.S., subject to the commercialization rights previously granted by Haichang Biotech to a certain third party in the relevant territories. In consideration for the transfer of manufacturing technology and the grant of a marketing license in the relevant territories, we agreed to pay Haichang Biotech an aggregate of RMB70 million, and to pay sales-based royalties at the rates stipulated in the Haichang Agreement.

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Licensing Agreement with Mabtech

In June 2021, we entered into an exclusive international commercial license agreement with Taizhou Mabtech Pharmaceutical Limited (泰州邁博太科藥業有限公司) (“**Mabtech**”) for Reminton (类停®) Infliximab for Injection, and subsequently entered into supplemental agreements specifying the specific licensed territories and license fees (collectively, the “**Mabtech Agreements**”). Mabtech is a company focused on the research and development, and production of new biologics and biosimilars for the treatment of oncology and autoimmune diseases.

Under the Mabtech Agreements, we were granted the exclusive right to commercialize Reminton (类停®) Infliximab for Injection, including to undertake registration, importation, promotion and sale within the licensed territories. Mabtech is responsible for supplying the product and providing the technical information and support required for registration and regulatory compliance. As of the Latest Practicable Date, we secured exclusive rights to register, import, promote and sell the product in 33 countries and regions, including Brazil, Singapore, Bangladesh, and Uruguay.

Licensing and Collaboration Agreement with BioDlink

In January 2022, we entered into a licensing and collaboration agreement with BioDlink Biopharm Co., Ltd. (東曜藥業有限公司) (“**BioDlink**”) for bevacizumab injection (the “**BioDlink Agreement**”). BioDlink is a company dedicated to developing and commercializing innovative oncology drugs and therapies.

Pursuant to the BioDlink Agreement, we were granted exclusive right to commercialize bevacizumab injection, including to undertake registration, importation, promotion and sale, in all markets other than the PRC, the European Union (being the member states as of 2021), the United Kingdom, the United States and Japan, and BioDlink is responsible for manufacturing and providing the technical documentation and support required for registration and regulatory compliance. Pursuant to BioDlink Agreement, we agreed to pay BioDlink an initial payment of RMB10 million and subsequent milestone payments based on milestones such as registration applications, approvals and achievement of sales targets in major overseas markets. In addition, we agreed to pay BioDlink tiered sales commissions based on the aggregate net sales of bevacizumab injection in the relevant markets.

R&D

We have focused on the innovation and industrialization of biopharmaceuticals for over three decades. Since 2020, we have accelerated the upgrade of our R&D strategy by establishing a research institute and building the “3KX Technology Platform,” which covers recombinant proteins, monoclonal/bispecific/trispecific antibodies, and targeted-delivery therapies. Leveraging our Shenzhen Pharmaceutical Research Institute and Shandong Technology Center, as of the Latest Practicable Date, we had successfully obtained two NDAs and nine INDs, facilitated the implementation of R&D for two Phase III clinical projects, three early-stage clinical projects and various preclinical pipelines, and we owned (i) 72 issued

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patents in China, and (ii) 42 patent applications, comprising 35 in China, four in other jurisdictions and three patent applications under the PCT. For more details, see “— Intellectual Property” and “Appendix V — Statutory and General Information — Our Intellectual Property Rights”.

Our R&D innovation and technical capabilities have been broadly recognized. We were recognized as a “Shandong Provincial Enterprise Technology Center” in 2017, as a “Jinan Protein Drug Engineering Laboratory” in 2018, and as a “Guangdong Provincial Engineering Technology Center for Gene Engineering Recombinant Protein Drugs”, “Shandong Protein Drug Engineering Laboratory”, and “Shenzhen Postdoctoral Innovation Practice Base” in 2020. In 2022, we were recognized as an “Shenzhen Innovative SME”. We were also recognized as a “Specialized, Sophisticated, Distinctive and Innovative SME” and a “Shandong Provincial Engineering Research Center for Protein Drugs” in 2023.

Building technological barriers through in-house R&D is the core element of our competitiveness. We have established eight R&D management systems, covering talent development, project incentives, process optimization, quality management, R&D enablement, project management, laboratory application management, intellectual property management, along with our technology platforms, which enhance our control over core technologies. Leveraging the advantages of our comprehensive technology platforms and R&D systems, we possess end-to-end R&D and innovation capabilities spanning drug discovery, pharmaceutical research, preclinical study, clinical study and production. These innovation and technological capabilities enable us to develop macromolecular innovative drugs — including novel antibodies, novel proteins and targeted delivery — in therapeutic areas such as oncology, immunology and degenerative diseases, guided by clinical needs.

As of June 30, 2025, our experienced R&D team consisted of over 150 employees. Over 60% of them held master’s or doctoral degrees, and many members have prior experience at well-known multinational companies and pharmaceutical companies. Strategically, we focus on in-house R&D, which is supplemented by collaboration with leading domestic enterprises, to accelerate technology transformation.

In line with our commitment to innovation, we continued to invest in research and development. In 2022, 2023 and 2024, and for the six months ended June 30, 2025, our R&D investments were RMB193.3 million, RMB344.8 million, RMB198.9 million and RMB96.0 million, respectively, accounting for 14.7%, 27.4%, 14.1% and 13.7% of our total revenue during the same periods, respectively.

Technology Platform

We have three core technology platforms: the recombinant protein drug platform, the antibody drug platform and the delivery system platform. As of the Latest Practicable Date, leveraging these platforms, we had successfully developed two Phase III clinical projects, three Phase II or Phase I clinical projects, and 10 preclinical innovative drug projects.

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Our three major technology platforms possess end-to-end development capabilities, ranging from source target verification, antibody humanization and candidate molecule optimization, CMC process development and quality research, to preclinical efficacy/toxicology evaluation, IND-BLA full-process application, and efficient advancement of clinical trials. This enables a full-chain closed-loop innovation from early molecular discovery to commercial application, effectively supporting and ensuring the R&D as well as manufacturing of the Company’s innovative drugs.

Recombinant Protein Drug Platform (KX-FUSION Protein Drug Technology Platform)

The recombinant protein drug platform (KX-FUSION protein drug technology platform) encompasses core technologies such as recombinant protein molecule design and optimization, Fc fusion protein long-acting modification, PEGylation for long-acting effects, protein drug process design and development, and protein drug process scaling-up. It enables the full-process development of recombinant protein drugs, from molecular design to industrial production. The overall technology offers advantages such as excellent druggability of molecules, robust and reliable processes, and low production costs.

Under the KX-FUSION protein drug technology platform, protein drug long-acting technology can effectively extend the drug’s half-life, prolong dosing intervals, significantly improve patient compliance, while simultaneously optimizing the drug’s physicochemical properties to enhance safety and efficacy. Currently, the technology platform has been successfully applied in the R&D of multiple projects, including GB05, GB08 and long-acting GC.

Antibody Drug Platform (KX-BODY Antibody Drug Technology Platform)

The antibody drug platform (KX-BODY antibody drug technology platform) is a novel drug technology platform for developing monoclonal antibodies, bispecific antibodies, and multi-specific antibodies, as well as constructing novel drugs that utilize antibodies as scaffolds and integrate multiple drug modalities. By integrating AI technology, computer-aided drug design (CADD), and other advanced intelligent methodologies, this platform achieves modularization, process standardization, platform integration, and intelligent optimization across antibody drug R&D stages. This accelerates the delivery of safe, effective PCC molecules that meet clinical needs.

FIT-BODY Antibody Discovery Platform: Through multi-pathway high-throughput screening, it achieves diversity in antibody epitopes and functions, producing multiple types of antibody molecules including traditional full-length antibodies, nanobodies, and single-chain (scFv) antibodies, simultaneously delivering optimal antibodies that meet requirements for biological activity and physicochemical properties.

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FIGHT-BODY Dual-Target Technology Platform: Leveraging biomedical knowledge graphs to uncover disease biology and target mechanisms, this platform employs big data analysis, including signaling networks, protein-protein interactions, gene expression profiles, epigenetics, multi-omics data, clinical data interpretation, and scientific literature to identify targets with synergistic effects. It then efficiently assembles antibodies targeting these two targets in an optimized configuration.

FLEX-BODY Multifunctional Novel Macromolecular Technology: Utilizing antibody functional domains as a scaffold, this technology extends flexible and versatile antibody-drug conjugates into novel forms, including antibody-fusion cytokines, antibody-fusion recombinases, antibody-fusion nucleotides, antibody-fusion TRAP recombinant proteins, antibody-loaded EVs, and multi-target antibodies to achieve synergistic therapeutic effects across different pathogenic mechanisms, enhancing the efficacy and safety of innovative molecules.

This technology platform has been successfully applied in the development of multiple antibody-based innovative drugs, including GB10, GB12, GB18, GB19, GB20 and GB24.

Delivery System Platform (K’Exosome Drug Delivery Technology Platform)

The delivery system technology platform is K’Exosome, a high-performance GMP exosome “end-to-end” technology platform. With the core advantages of “six highs and one low” (high purity, high yield, high efficiency, high recovery rate, high stability, high activity and low cost), it achieves large-scale, standardized production of clinical-grade exosomes. It also possesses engineering capabilities for efficient loading of proteins/small nucleic acids and precise targeted modification, providing a full-chain solution from molecular creation to process scaling for the next generation of delivery therapies.

R&D Process

All R&D projects begin with thorough market analysis. Guided by clinical needs, we identify significant and differentiated innovative targets, build products pipeline in a tiered manner, and efficiently advance product development to meet unmet medical needs and market potential.

We have established an integrated scientific research management system supported by our core technology platforms to support the development of product candidates with an emphasis on quality and efficiency.

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Our R&D system provides support functions including objective setting, competitor intelligence, monitoring of pharmaceutical regulations and technical guidelines, R&D quality-assurance requirements and standardized project management for our R&D projects. Our ongoing biopharmaceutical programs are undertaken primarily on our established platforms, leveraging proven technical solutions, facilities and equipment with a view to managing overall project cost and execution risk. We implement a project manager model under which a designated manager is responsible for overall progress and quality, and team members are accountable for defined deliverables, within a flat organizational structure intended to promote efficiency.

The following is a summary of key steps in our product R&D process:

- *Project initiation.* The research institute formulates a project proposal and submit it for internal review and discussion. Once the internal review is completed, the technical committee led by, and comprising representatives of, the research institute, will evaluate the proposal from multiple dimensions, including corporate development strategy, product competitiveness, clinical and market demands, scientific and technological feasibility and developability. If the proposal is approved by the technical committee, it will be referred to the finance department, together with the market and marketing departments, for financial evaluation and budget formulation. After the financial calculation is completed, the proposal will be submitted to the investment decision committee/scientific committee for approval by vote. Upon approval for initiation, the research institute department will draft the project initiation report and application. The report and application will be submitted for sequential approvals up to the chairman of our Board. Upon approval by the chairman of our Board, the project can be proceeded.
- *Target identification and verification.* Targets shall meet the following screening criteria: (1) have a clear biological mechanism, i.e. the occurrence of the disease has a direct causal relationship with the dysfunction of a specific target; (2) disease relevance, i.e. the activity of the target is related to the progression of the disease, and the regulation of the target can reverse the disease phenotype; (3) the target can be intervened, i.e. there is a drug molecule that can specifically regulate the function of the target, and such regulation does not cause serious side effects.
- *Molecular discovery and modification.* Under the premise of meeting the predefined target product profile, select the optimal antibody discovery pathway from established technologies, such as animal immunization, library screening, or AI-assisted generative molecular design, based on the target’s biophysical and chemical properties to obtain lead candidates, and then further determine the lead compound through *in vitro* biological activity and *in vivo* efficacy evaluations. Following a series of multidimensional, quantitative rapid drugability assessments, potential risk sequences affecting molecular stability and process developability are eliminated through targeted amino acid mutations while preserving molecular activity. The molecule with the most favorable pharmacokinetic properties in the model animal was ultimately selected as the clinical candidate.

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- *Preclinical study.* After identifying clinical candidate molecules, we conduct systematic preclinical studies. In respect of pharmaceutical development, we complete process development, pilot-scale upscaling, and production, establishing quality standards, developing analytical methods, and conducting quality research. In respect of animal experiments, pharmacodynamic studies, PK studies and toxicology studies were conducted to study and verify their effectiveness and safety profile in animal experiments.
- *IND application.* After the preclinical candidate molecule has undergone thorough and comprehensive preclinical validation and meets predetermined efficacy and safety indicators, we will submit an IND application to the drug regulatory authority (NMPA or FDA) of the target country.
- *Clinical trials.* Once IND approval is obtained, we will conduct clinical trials through qualified medical institutions. Our responsibilities include designing clinical protocols, ensuring funding for clinical trials, as well as supervising and managing the trials to ensure data quality and procedural compliance, and adhering to Good Clinical Practice (GCP) standards. We also monitor the safety and efficacy of the research product throughout the trial process to ensure compliance with all regulatory requirements.
- *New drug application (NDA/BLA).* After successfully completing clinical trials and collecting sufficient data to demonstrate the safety and efficacy of the drug, we submit an NDA or BLA to regulatory authority. The submitted materials include comprehensive data from preclinical studies, clinical trials and CMC. Subsequently, the regulatory authority usually conducts a comprehensive review of the application materials, which may include on-site inspections of clinical trial sites and production facilities to verify the integrity of the data and compliance with applicable GMP requirements.
- *Commercialization and launch.* After the regulatory approval of the NDA or BLA and issuance of the new drug certificate and drug approval number, we will initiate the commercialization and launch of the drug. This includes activities such as expanding production scale, distribution, promotion, and providing the drug to the public.
- *Post-marketing surveillance studies.* After a drug is launched, continuous monitoring of its efficacy and adverse reactions is crucial for determining its clinical efficacy and safety in a broader patient population. This includes conducting post-marketing surveillance studies to collect data on the drug’s performance in real-world settings, thereby gaining a deeper understanding of its risks and benefits.

For further details on China’s drug registration laws and regulations, see “Regulatory Overview — Principal Regulatory Provisions — Laws and regulations on drugs”.

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Clinical Development

We have established a clinical development system featuring “in-house oversight + CRO collaboration”, enabling an end-to-end, closed-loop management capability from protocol design through to marketing authorization applications. Internally, the medical research center of our pharmaceutical research institute leads protocol planning, study design, regulatory communication, and management review, and actively manages clinical timelines. During execution, CROs are responsible for subject recruitment and data collection, participating in management and reporting to us regularly, thereby jointly advancing study progress.

The partners for our clinical trials, including clinical trial centers, principal investigators, hospitals, physicians, CROs, and clinical study collaborators, have all undergone rigorous screening for clinical qualifications and industry reputation.

In addition, we adhere to strict global standards, which enables us to conduct global multicenter clinical trials. In January 2025, GB05 human α 1b Interferon inhalation solution received FDA approval for clinical trials in the United States, becoming the first interferon inhalation formulation to enter international clinical trials globally. In May 2025, our GB18 injection (for the treatment of cancer cachexia) passed FDA review and was approved for Phase I clinical trials in the United States.

R&D Publications

Our products and products candidates have garnered significant attention. Multiple papers published in multiple top international academic journals, such as J Control Release and ACS Nano, have conducted in-depth research and discussions on our products. The cumulative impact factor of these journals is 77. The impact factor is a metric that measures the frequency with which articles from a particular journal are cited, reflecting the primary citations received by articles published in a specific journal in the preceding two years.

The following table sets out our selected major influential published articles:

Our products/ product candidates	Articles	Journals
GB18.	GB18-06, a nanobody targeting GDF15, effectively alleviates weight loss and restores physical function in cachexia models.	MAbs. 2024 Jan-Dec; 16(1):2416453.
GB13.	A comprehensive evaluation of stability and safety for HEK293F-derived extracellular vesicles as promising drug delivery vehicles.	J Control Release. 2025 Jun 10; 382:113673.

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Our products/ product candidates	Articles	Journals
GB13.	Comprehensive Comparison of Extracellular Vesicles Derived from Mesenchymal Stem Cells Cultured with Fetal Bovine Serum and Human Platelet Lysate.	ACS Nano. 2025 Apr 1; 19(12):12366-12381.
GB13.	Tubular epithelial cells-derived small extracellular vesicle-VEGF-A promotes peritubular capillary repair in ischemic kidney injury.	NPJ Regen Med. 2022 Dec 17; 7(1):73.
GB12.	GB12-09, a bispecific antibody targeting IL4R α and IL31R α for atopic dermatitis therapy.	Antib Ther. 2024 Jan 5; 7(1):77-87.
GB08.	Phase 1 study and population PK/PD modeling of long-acting growth hormone, GB08, to guide pediatric dosing.	Eur J Endocrinol. 2025 Jun 30; 193(1):117-128.
GB05.	GB05, a safe and effective IFN α 1b inhalation solution for treating respiratory syncytial virus infection.	Int J Pharm. 2025 Mar 30; 673:125426.
GB05.	Safety, Tolerability, and Pharmacokinetics of Nebulized GB05-Human IFN α 1b Inhalation Solution: A Randomized, Placebo-Controlled, Dose-Escalation Phase I Study in Healthy Chinese Adult Volunteers.	Infect Dis Ther. 2024 Sep; 13(9): 2053-2070.
CLOBICO (常乐康®). .	Ameliorative effects of Bifidobacterium longum peptide-1 on benzo(α)pyrene induced oxidative damages via daf-16 in Caenorhabditis elegans.	Cell Stress Chaperones. 2023 Nov; 28(6): 909-920.
CLOBICO (常乐康®). .	Ameliorative effect of the probiotic peptide against benzo(α)pyrene-induced inflammatory damages in enterocytes.	Int Immunopharmacol. 2022 Nov; 112:109255.

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R&D Collaboration

Clinical Trial Collaboration

As a supplement to internal clinical capabilities, we conduct in-depth collaboration with CROs during the implementation of our clinical protocol. We have developed rigorous procedures for the selection, evaluation and management of clinical partners. In accordance with the clinical development requirements of our clinical programs, we will select multiple CROs to participate in bidding and negotiations based on the relevant requirements of the Company’s procurement system, and choose our clinical partners by comprehensively evaluating factors such as price, qualifications, credentials, professional experience, and industry reputation. During the Track Record Period, we engaged nine CROs.

The following outlines the summary of the main terms of our cooperation agreement with the CROs:

- *Scope of services.* According to industry practice, the CROs are primarily responsible for the execution of clinical protocols. The CROs provide support to us in site selection, trial execution, data management and analysis, as well as compliance with regulatory requirements. The CROs participate in clinical project management while providing real-time updates and regularly reporting the progress of clinical development to us.
- *Our responsibilities.* We are primarily responsible for the planning, implementation and design of clinical protocols, strictly controlling the clinical cycle, and closely monitoring the performance and execution of the CROs. In addition, we closely supervise the CROs’ compliance with our protocols and applicable laws, regulations and guidelines to ensure the high integrity and authenticity of our clinical trial data.
- *Payment.* We typically make the initial payment within a specified period after signing the agreement, with subsequent payments made upon reaching specific project milestones.
- *Intellectual property right.* All clinical results, reports, publications, and related rights and interests (including all intellectual property rights associated with the performance of the agreement) are our property.
- *Confidentiality.* The counterparty is obligated to maintain confidentiality regarding all non-public data and information pertaining to the clinical trial.

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Industry-University-Research Cooperation

Based on independent R&D, we also actively engage in industry-university-research cooperation, collaborating with universities and research institutions to carry out scientific research projects and promote the transformation and application of technological achievements. During the Track Record Period, we conducted 1 collaborative R&D project each with Southeast University and Shenzhen University, covering the dimensions of extracellular vesicle drug delivery technology and biopharmaceuticals and probiotics.

For example, through the joint establishment of the “Joint Innovation Laboratory for Industrialization of Extracellular Vesicle Drug Delivery Technology” with Southeast University, we have undertaken the industrialization technology development of extracellular vesicles based on Mesenchymal Stem Cell-derived Extracellular Vesicles and Human Embryonic Kidney Cell-derived Extracellular Vesicles from the Joint Innovation Laboratory, thereby building the exosome technology platform, K’Exosome. We have made breakthroughs in the engineering transformation of exosomes (a new generation of targeted drug delivery carriers) and in the bioengineering technology for exogenous loading. The successfully transformed GB13 project has been approved as a “Major Science and Technology Project of Shenzhen” and has successfully passed the mid-term assessment and acceptance. In addition, in 2019, we established a cooperative relationship with the Medical School of Shenzhen University through the creation of a joint laboratory. The joint laboratory has established a sorting platform for active probiotics against UC, focusing on the research, development and industrialization of probiotics, as well as the construction of related platforms. It has isolated and identified 470 potential functional bacteria, screened out 8 probiotics with anti-UC activity, and obtained 6 probiotic active peptides with anti-UC activity, with two national invention patents obtained and three SCI papers published.

In addition, in March 2025, the Company reached a strategic cooperation with BioMap (Beijing) Intelligent Technology Co., Ltd. on the deep integration of artificial intelligence technology and innovative drug R&D, with a focus on the whole process of macromolecular drug development in the fields of tumors, autoimmune diseases, etc., including the construction of dedicated AI large models and AI smart laboratories, aiming to accelerate the development of more breakthrough therapeutic drugs.

SALES AND MARKETING

Our Sales and Marketing Team

We primarily promote our pharmaceutical products through distribution and direct sales. As of June 30, 2025, our sales and marketing team consisted of approximately 220 employees, spanning 31 provincial-level administrative regions across the country, covering the vast majority of the nation. Meanwhile, we deeply penetrate into non-tier-one cities and rural areas to capture broader market opportunities. We have a total of four sales centers, one central marketing center, one business center, one government access center, one sales management center and one sales service center. In addition, we have established an e-commerce operations

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center to continuously expand both online and offline sales channels. As of June 30, 2025, our sales network covered over 20,000 terminals of various types. By the same date, beyond offline retail pharmacies, our sales teams for CLOBICO (常乐康®) Combined Live Clostridium Butyricum and Bifidobacterium Powder/Capsule and Kehuang Capsule also covered major online pharmacy platforms like JD.com and Tmall. Our sales and marketing team exhibits high professionalism and unity. The following are our collaborative and complementary functions across different departments:

- *Sales center:* Develop target setting methodology, monitor sales across all regions, evaluate daily activities, and establish incentive programs to enhance the productivity and efficiency of the sales team.
- *Market center:* Ensure that our therapeutic regimens are appropriately applied to maximise patient benefit by in-depth analysis of the therapeutic areas, patient journeys and clinical benefits of our products, and formulating differentiated brand strategies to effectively conveying the benefits of our products to a wide range of healthcare professionals and develop medical strategies, gather insights from physicians’ clinical practice, review and support IITs, and conduct real-world studies and medical education training for our innovative products.
- *Business center:* Manage commercial channels nationwide and connect with commercial customers. Ensure the smooth flow of commercial channels and the asset security of accounts receivable.
- *Sales management center:* Manage and enhance the efficiency of our sales activities, implement our sales strategies, and manage and expand our sales network in local markets.
- *Sales service center:* Connect the Company’s sales team, customers, and internal departments to ensure smooth sales channels, enhance customer satisfaction, and support the sales team in achieving performance targets.
- *Access center:* Consult with regulatory authorities on matters relating to market access, such as the centralized bidding procedure, volume purchase scheme, NRDL and other government-sponsored insurance schemes, and working to facilitate hospital admissions for our drugs.
- *E-commerce operation center:* Be responsible for the planning, layout and operational management of the Company’s overall pharmaceutical e-commerce business strategy.

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Academic Promotion

We have established extensive academic cooperations with numerous authoritative medical experts and academic institutions, including supporting IITs and RWS after product launch. We systematically collect prospective and real-world clinical efficacy and safety data for products to build a comprehensive evidence-based system, support clinical decision-making and empower product lifecycle management, ultimately benefiting patients.

Leveraging our years of industry experience and premium brand, we have forged extensive academic cooperations with numerous experts and academic institutions. We support trials initiated by investigators and conduct real-world studies after product launch to benefit more patients and gather clinical evidence to further validate our products. Physicians typically rely on peer experts and key opinion leaders in the medical community for guidance on research, diagnosis and treatment. Our R&D achievements have been published in international and domestic academic journals such as PLOS ONE, Liver Research and Chinese Journal of Immunology, which helps enhance awareness of our differentiated innovative drugs and improve their acceptance in the medical community. Furthermore, we regularly organize and participate in various important academic conferences, seminars and symposia related to our main therapeutic areas, both domestically and internationally, to increase our brand awareness. Several research results of our products have been presented at important academic conferences such as the Nephrology Branch of Chinese Medical Association.

As of June 30, 2025, we had collaborated with a total of over 400 terminal promotion service providers to advance the academic promotion of pharmaceuticals and further enhance the influence of our drugs.

Sales and Distribution

We primarily generate revenue from the sale of our pharmaceutical products through the distribution of our products to distributors, who then sell our products to hospitals, other medical institutions, and pharmacies. We also sell a minor portion of our products directly to certain hospitals, other medical institutions and pharmaceutical companies. According to Frost & Sullivan, our sales and distribution arrangements are in line with industry practices in the pharmaceutical industry.

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The following table sets forth a breakdown of our revenue relating to pharmaceutical products by distribution channels for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Sales through distributors . .	1,188,571	90.5	1,127,731	89.8	1,207,035	86.1	661,345	87.3	556,410	81.6
Direct sales	125,345	9.5	128,063	10.2	194,084	13.9	96,608	12.7	125,709	18.4
Revenue relating to										
pharmaceutical products .	1,313,916	100.0	1,255,794	100.0	1,401,119	100.0	757,953	100.0	682,119	100.0

Distribution

Our pharmaceutical sales primarily rely on third-party distributors who serve as our direct customers. This model allows us to expand our market coverage in a cost-effective manner while maintaining necessary management of the distribution network and marketing process. Our professional business team is responsible for engaging with distributors nationwide, fully controlling the entire distribution process, including shipment, payment collection, and agreement signing.

We have established a comprehensive global distribution network, forming a dual-track commercialization system that advances both domestically and overseas. In the domestic market, we rely on our nationwide marketing network, which has been deeply cultivated over 30 years, to achieve comprehensive and multi-tiered market coverage. For the six months ended June 30, 2025, we had collaborated with over 550 distributors, covering promotion channels in 31 provincial-level administrative regions across the country. We have successfully sold our pharmaceutical products to approximately 20,000 terminals of various types (including 8,000 graded hospitals). Through the hierarchical management of regional distributors, we have achieved channel penetration down to grassroots medical institutions.

In overseas markets, we have established a complete global sales network and channel resources based on our long-term commercial experience. Our distribution network presents a multi-point radiation pattern driven by the dual engines of the European Union and emerging markets. Through over 20 years of internationalisation, we have established localized subsidiaries in countries and regions such as Germany, Brazil, Mexico, and Egypt, and we have obtained authorization for marketing or achieved sales in over 70 countries and regions spanning across the European Union, Southeast Asia, Central and South America, the Middle East and North Africa, achieving 100% coverage of all emerging countries with population over 100 million.

In addition, we have actively expanded our online e-commerce channels and successfully entered platforms such as JD Pharmacy, Ali Health Pharmacy and Meituan self-operated pharmacy. CLOBICO (常乐康®) consistently ranks in the top three of diarrhea medication lists.

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During the Track Record Period, our distributors in China contributed the vast majority of our pharmaceutical sales revenue. To the knowledge of our Directors, all our distributors were independent third parties during the Track Record Period, and none of our distributors were wholly owned or majority-controlled by our former or current employees. Furthermore, to the knowledge of our Directors, none of the distributors we engaged had any other relationships or arrangements with us (including past or present relationships related to family, business, financing, guarantees or other aspects) during the Track Record Period.

The table below outlines the location of our distributors both domestically and overseas:

	For the years ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Domestic distributors	783	759	680	553
Overseas distributors	19	27	42	33
Total	<u>802</u>	<u>786</u>	<u>722</u>	<u>586</u>

The following table shows the changes in the number of distributors over the years:

	For the years ended December 31,			For the six month ended June 30,
	2022	2023	2024	2025
Distributors at the beginning of the period . .	813	802	786	722
New distributors	199	176	163	95
Distributors with whom we terminated the cooperation .	(210)	(192)	(227)	(231)
Distributors at the end of the period	<u>802</u>	<u>786</u>	<u>722</u>	<u>586</u>

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During the Track Record Period, we experienced fluctuations in the number of our distributors. These changes were primarily due to our continuous efforts to optimize and consolidate our distributor network in response to the VBP schemes. During the Track Record Period and up to the Latest Practicable Date, no distribution relationship was terminated due to material breach of the terms of the relevant distribution agreement. During the Track Record Period, we did not experience any material dispute or litigation with our distributors.

We primarily select distributors based on their business qualifications, reputation, distribution coverage, sales capabilities, past performance, reputation and compliance records, payment collection cycles and other criteria. We conduct inspections to evaluate the performance of our distributors. We also verify the qualifications of our distributors to ensure that they have obtained the necessary licenses, permits, and certifications for the distribution of relevant products, including the drug business license and GSP certification. Furthermore, we regularly assess our distributors to determine whether to adjust our list of qualified distributors and their designated distribution areas.

We implement a refined channel control system, ensuring efficient supply chain operation through tracking of terminal sales data. Our product sales are not subject to seasonal fluctuations, and distributors are required to maintain sufficient inventories to avoid supply disruptions. On the other hand, we take various measures to prevent channel backlog risks. For example, we require distributors to systematically track the location of products during the distribution process to manage product traceability; we have also established a regular reconciliation mechanism to ensure accurate accounts. Distributors must provide GSP-compliant storage conditions for products. According to GSP regulations, all our distributors must ensure that they sell products only to qualified end customers.

We implement a strict expiration date control mechanism for all pharmaceutical products, clearly marking the expiration date of each batch of products. Given the generally limited shelf life of biological products, inventory backlog in distribution channels not only increases the risk of product expiration, but also violates the principle of commercial rationality. We strictly control the release of near-expiration products, and products with a shelf life of less than one year require consultation with customers before shipment. Only after customers agree to receive the products can they be released. For products that exceed their expiration date, we strictly comply with GSP regulations and destroy expired drugs in accordance with GSP management regulations and national environmental protection requirements. Regarding our return policy, except for quality defects or specific situations approved in writing by the Company (such as damage due to transportation, specification errors, major policy changes), in principle, we do not accept unjustified returns from distributors. For more information about our product returns, see “— Product Returns and Complaints”.

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During the Track Record Period and up to the Latest Practicable Date, we have not identified any unusually large purchases that deviate from the past practices of our relevant distributors, nor have we found any abnormally high inventory levels among our distributors.

We manage cannibalization risks among distributors by executing distribution agreements that specify designated products and regions for each distributor. We prohibit distributors from distributing our products to customers outside the designated regions. In addition, for each product, we generally maintain only one primary distributor per hospital.

Compliance with China’s Two-Invoice System

According to China’s two-invoice system, pharmaceutical manufacturers issue one invoice to distribution companies, and distribution companies issue another invoice to medical institutions. All provinces in China have implemented the two-invoice system for drug procurement within their jurisdictions, aiming to control drug prices by compressing circulation links and restricting price increases during the circulation process. Public medical institutions must adopt the two-invoice system, while private medical institutions are encouraged but not required to do so. According to the Notice on Opinions on the Implementation of the Two Invoice System in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《印發<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)>的通知》) issued on 26 December 2016, pharmaceutical manufacturers and distribution companies that fail to implement the two-invoice system may be disqualified from participating in future bidding activities or distributing drugs to hospitals, and may be included in the adverse records of drug procurement. For more information on the two-invoice system, see “Regulatory Overview — Principal Regulatory Provisions — Laws and Regulations on Drug Supply — Two-invoice System.”

Due to China’s implementation of the two-invoice system, the law generally prohibits our distributors from engaging sub-distributors to distribute our products to public medical institutions in China. In particular, in regions where the two-invoice system is implemented for drug procurement by public medical institutions, we require our distributors to strictly comply with the two-invoice system. During the Track Record Period and up to the Latest Practicable Date, we only issued one invoice to the relevant distributors, and they only issued one invoice to public medical institutions. In addition, we have also taken a series of internal control measures to supervise the implementation of the two-invoice system in different provinces to ensure that we have been in compliance with relevant laws, regulations and policies. These measures include (i) conducting strict qualification reviews of new distributors, stringently selecting distributors, and investigating whether they have genuine drug sales, warehousing and distribution capabilities; (ii) signing purchase and sale agreements with distributors to clarify the cooperation area, products, price information, and clarifying the liabilities for breach of contract related to cross-regional sales; (iii) the logistics department must arrange shipments based on the receiving addresses and information consistent with the contract, require the carrier to provide authentic logistics documents (such as shipping bills and receipts), and ensure that the goods are directly delivered to the distributor’s warehouse

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specified in the contract, eliminating the direct delivery of goods to end-users or other addresses; (iv) our sales service center and business center personnel can monitor non-compliance with the two-invoice system through supervision code data.

We generally monitor the type and/or identity of end customers through distributors. Through this information, we gain a deep understanding of our sales-related situation and continuously supervise the compliance of our distribution network with the two-invoice system. If we discover any violations of the two-invoice system by distributors, we will impose severe penalties (including suspending or terminating the distributor’s contract and requiring payment of liquidated damages), and may take other legal actions.

The Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we (i) had not been deemed by the competent authorities as violating or circumventing any laws, regulations, rules or policies pertaining to the two-invoice system; (ii) had not been disqualified from participating in public bidding procedures in any province in the PRC; (iii) had not been subject to any administrative fines or penalties imposed by the competent authorities in relation to the two-invoice system; and (iv) had not received any warnings or notices from any competent authority in any province regarding our compliance with the two-invoice system.

Terms of Distribution Agreement

Our relationship with distributors is a buyer-seller relationship. Upon the delivery of the product to the distributor, ownership of the product, along with all significant risks and rewards associated with it, is transferred. We no longer retain any ownership rights to the sold products.

The main terms of our distribution agreement are outlined below:

- *Term.* The term of our distribution agreements with domestic distributors is generally one year, while the term with overseas distributors is generally five years.
- *Designated distribution area.* Distributors are generally prohibited from selling our products outside the designated distribution area.
- *Exclusive.* Distributors are typically granted non-exclusive distribution rights to distribute specific types of products within a designated distribution area.
- *Sales targets and minimum purchase requirements.* Our agreements with distributors generally do not establish agreed annual sales targets or minimum annual purchase amounts.
- *Product pricing and resale price management.* During the term of the distribution agreement, our selling price to distributors is usually fixed. We mainly determine the pricing terms for distributors based on the price at which the products are sold to hospitals and other medical institutions. Pricing terms may vary across different

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regions. However, during the term of the distribution agreement, if the retail price changes due to regulatory or policy changes, centralized bidding process, or pricing negotiations with the government, we will usually negotiate with the relevant distributors for corresponding price adjustments.

- *Retail price management.* We typically do not control the prices at which distributors resell our products to their customers.
- *Credit period.* We usually grant our distributors a credit period ranging from 30 to 180 days.
- *Termination.* In the event of serious breaches of the agreement by the distributor, we may terminate the distribution agreement.

Product Pricing

Product pricing has a profound impact on our profitability and competitiveness. We formulate reasonable pricing strategies for commercialized products. When determining the price of commercialized products, we consider various factors, including R&D, production, sales, and marketing costs and expenses, the relative advantages of the product, and the pricing policies of competing products.

For public hospitals in China, we actively participate in their tender processes, and the price level is the relatively stable winning bid price. For private hospitals, pharmacies, clinics and other institutions, if they engage in “procurement against listing”, we generally refer to the centralized procurement winning bid price of public hospitals; for not a “procurement against listing” that is mainly conducted through distributors, and the price is usually determined through commercial negotiations with distributors. For drugs sold through online channels, our pricing takes into account procurement costs, operating costs and market competition, etc..

The prices of our commercialized products are also influenced by laws and regulations in the pharmaceutical industry. In China, the government primarily regulates prices through measures including establishing centralized procurement mechanisms, adjusting medical insurance reimbursement standards, and strengthening supervision of medical and pricing behaviors. We closely monitor new regulations that affect drug pricing in China and promptly adjust our pricing strategies accordingly.

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Centralized Bidding Process and Volume-Based Procurement

In China, the vast majority of drugs sold to public hospitals and other public medical institutions must undergo provincial or municipal competitive open centralized bidding procurement process, aimed at promoting drug price reductions and benefiting the public. In this process, after we participate in the bidding, the medical procurement management agency will comprehensively evaluate multiple dimensions such as bidding prices, product quality, clinical efficacy, qualifications of production enterprises, and market reputation to select the winning bidder. If we successfully win the bid in the bidding process, the relevant products will be supplied to public medical institutions at the bidding price, which will also become our core benchmark for pricing to distributors. For more details on the centralized bidding process, see “Regulatory Overview — Principal Regulatory Provisions — Laws and Regulations on Drug Supply — Drug Procurement by Hospitals”. The centralized bidding process has exerted certain pricing pressure on us, which may lead to a decline in revenue from related products and a risk of losing market share in regions that are not covered by winning of bidding. To this end, we have established a systematic bidding and pricing strategy that deeply integrates the core competitive advantages of our products, enhances our winning rate by accurately responding to centralized procurement policies, and continuously expands our terminal market coverage.

In addition, the VBP scheme that has been implemented at the national and provincial levels will have a certain impact on our product pricing. Currently, among the drugs sold to public hospitals or public medical institutions, those with mature clinical applications, large usage of volumes and sufficient market competition will be included in the VBP scheme. The scheme aims to address the issue of inflated drug prices through a mechanism of “VBP and price reduction based on volume”, reduce drug prices, and alleviate the burden of drug costs on patients. In this process, the demand for drugs from public medical institutions is aggregated to form procurement packages. After we participate in the bidding and offer our own prices, the government will select the winning pharmaceutical companies based on the principles of “lowest price bidding” and “multiple selection” under the premise of ensuring drug quality. According to the bidding process of centralized procurement, relevant products need to be evaluated and approved according to specific standards before a decision can be made on whether to include them in the procurement list. As of June 30, 2025, SINOGEN (赛若金®) Human Interferon α 1b for Injection, EPOSINO (依普定®) Human Erythropoietin Injection, and WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection had been included in the VBP scheme. EPOSINO (依普定®) Human Erythropoietin Injection was selected in the provincial and provincial alliance VBP scheme; SINOGEN (赛若金®) Human Interferon 1b for Injection and WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection were selected in the provincial VBP scheme. Although the VBP scheme provides opportunities for us to sell drugs in large quantities after winning the bid, we also face price pressure and may take measures to reduce prices when selling drugs to distributors. Facing the impact of sales prices, we mitigate the impact of VBP by developing new formulations such as GB05 and GB-K02, long-acting products, and reducing costs through economies of scale.

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Our commercialized products are primarily biological products, mainly participating in provincial or provincial alliance centralized procurement. Non-exclusive products have undergone one or multiple rounds of centralized procurement. For fully competing provincial procurement products, the National Healthcare Security Administration encourages the implementation of volume-based joint purchasing. Therefore, our products actively participate in centralized procurement, and the winning bid prices tend to stabilize. For more information on the risks of centralized procurement, see “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Market and Commercialization — Certain of our products are subject to pricing regulation and other policies intended to reduce healthcare costs.”

National Reimbursement Drug List

Participants in China’s public medical insurance plans and their employers (if applicable) are required to make monthly contributions to these plans. They are eligible for full or partial reimbursement of the costs of medications listed in the NRDL, which stipulates the drug payment standards for basic medical insurance, work-related injury insurance, and maternity insurance funds. The National Healthcare Security Administration of the People’s Republic of China, in conjunction with other government departments, determines which drugs can be included in the NRDL. Drugs included in any government-led medical insurance plan (such as the NRDL) generally undergo a price negotiation process with the government to reduce their prices. For detailed information on the NRDL, see “Regulatory Overview — Principal Regulatory Provisions — Laws and Regulations on Drug Supply — National Reimbursement Drug List.”

As of the end of 2022, 2023, 2024 and for the six months ended June 30, 2025 we had incorporated four, four, four and four proprietary products into the NRDL, respectively, and had incorporated three, three, three and three in-licensed product into the NRDL.

In 2022, 2023, 2024 and for the six months ended June 30, 2025, our drugs that had been included in the NRDL as at the end of each year/period contributed 89.5%, 87.2%, 89.3% and 84.4% of our total revenue relating to pharmaceutical products generated by domestic sales; during the same periods, they contributed 89.2%, 86.0%, 88.3% and 82.4% of our gross profit relating to pharmaceutical products generated by domestic sales.

Overall, during the Track Record Period, the benefits of our drugs being included in the NRDL far outweighed the disadvantages. Several of our core products have been successfully included in the NRDL, which has played a key role in expanding our market presence and improving drug accessibility. However, inclusion in the NRDL may lead to a decrease in the price of our products in certain provinces due to the transparent, multi-party price negotiation mechanism. We will actively respond to this trend by continuously optimizing production efficiency and expanding sales scale, aiming to achieve a “price for volume” strategy.

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Product Returns and Complaints

We generally do not allow product return or exchange. Our distributors must inspect the products upon delivery. Any products that have been accepted upon delivery cannot be returned, unless the product has a quality defect or under specific circumstances approved by the Company in writing (such as damage due to transportation, specification errors, or significant policy changes). Taking these factors into account, our industry consultant Frost & Sullivan believes that our product return policy is in line with industry practice. The actual cumulative amount of product returns that we recognized as revenue during the Track Record Period was RMB65.7 million, accounting for 1.4% of total revenue for the same period, which was in line with the current industry practice. During the Track Record Period, we did not experience any product recall incidents.

MANUFACTURING AND QUALITY MANAGEMENT

As of the Latest Practicable Date, we possessed in-house manufacturing capabilities for each of our commercialized products which were manufactured in-house by us.

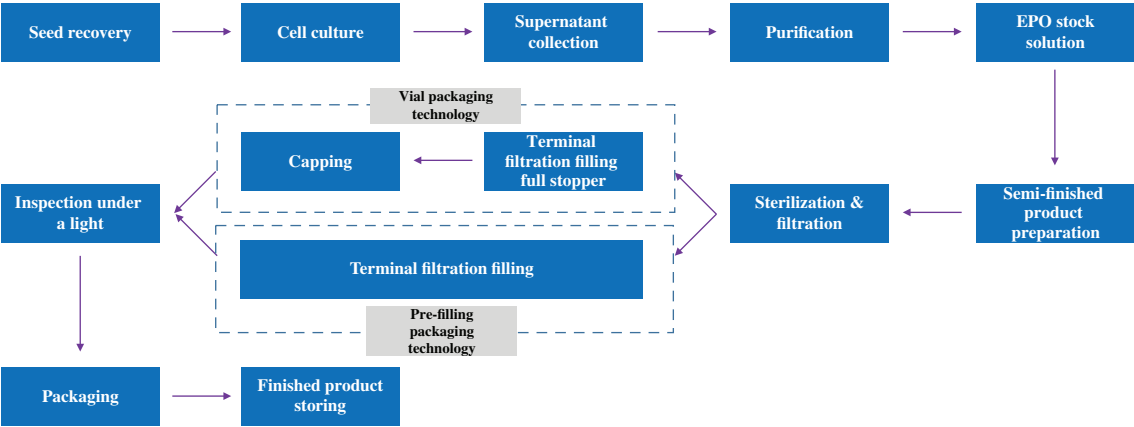
Manufacturing Process

Leveraging three decades of successful practice, we have established an industrialization platform for biological macromolecules, microecological preparations, high-end complex preparations and proprietary Chinese medicines, covering multiple formulations such as powder injections, aqueous injections, capsules and powders. We have developed standardized manufacturing processes for different types of products, including processes for human erythropoietin injection, human interferon $\alpha 1b$, human G-CSF injection and paclitaxel for injection (albumin-bound).

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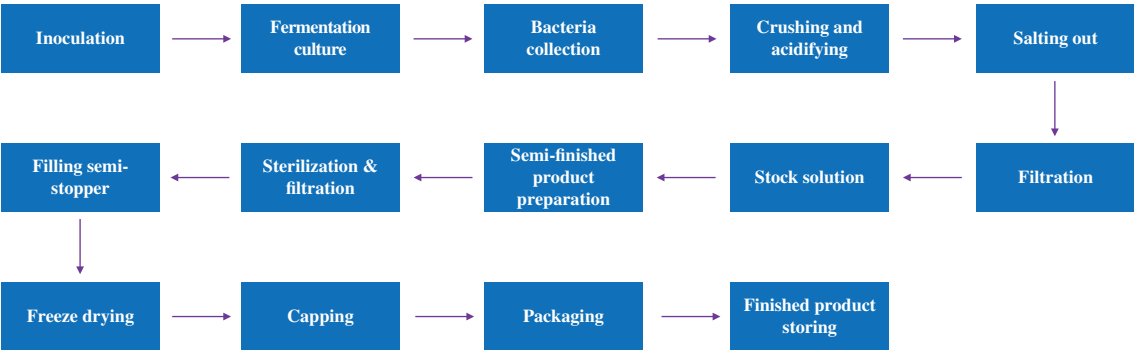
Human Erythropoietin Injection

The following flowchart summarizes the typical manufacturing process for human erythropoietin injection.



Human Interferon $\alpha 1b$

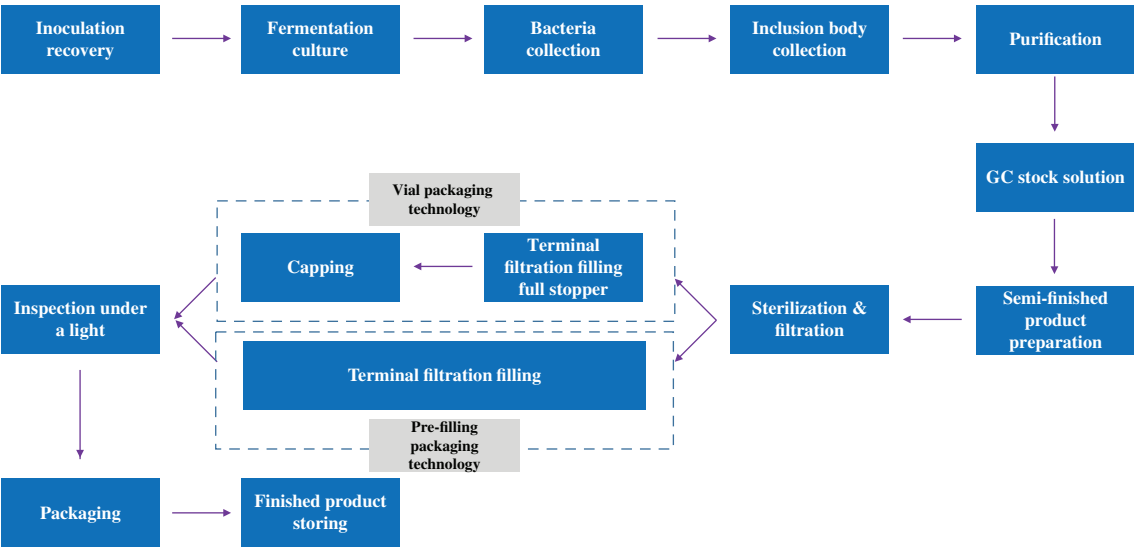
The following flowchart summarizes the typical manufacturing process for human interferon $\alpha 1b$.



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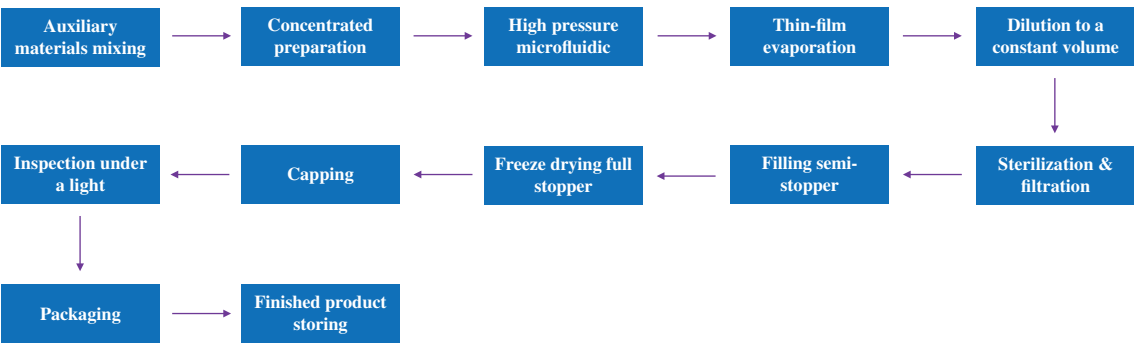
Human Granulocyte Colony-stimulating Factor Injection

The following flowchart summarizes the typical manufacturing process for human G-CSF injection.



Paclitaxel for Injection (Albumin-Bound)

The following flowchart summarizes the typical manufacturing process for paclitaxel for injection (albumin-bound).



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Manufacturing Base

Currently, we have one drug manufacturing base in operation in China, which is located in Jinan, Shandong Province. The table below provides a summary of our manufacturing base in operation as of June 30, 2025.

Location	Site area (Thousand square meters)	Floor area (Thousand square meters)
No. 2666, Chuangye Road, Bucun Street, Zhangqiu District, Jinan, Shandong Province . . .	87.5	116.4

During the Track Record Period and up to the Latest Practicable Date, our manufacturing bases had obtained production licenses. In addition, as of the Latest Practicable Date, we had a total of 11 commercial product production lines that had obtained GMP certification. For details, see “— Legal and Compliance — Licenses, Permits and Certificates”.

We have formulated the Manufacturing Process Management Rules, which systematically illustrate the management requirements and operation standards for all major manufacturing steps.

In terms of manufacturing management, we leverage the SAP system to coordinate master planning and material requirements, enabling end-to-end order tracking. By integrating multiple modules including motion control, production, quality, and finance, the system supports efficient material and product turnover, enabling precise resource allocation to optimize inventory and costs. Through the SEMS energy management system, we strengthen the refined management and control of energy consumption, identifying abnormality and implementing corrective actions in a timely manner to ensure safe, stable and efficient energy consumption. In addition, we have deployed DMS and TMS systems to establish a comprehensive life-cycle management framework for documents, records, training, and archives. This creates a closed-loop management system from policy implementation to execution traceability, effectively meeting regulatory audit requirements and sustaining compliance objectives.

The Company’s primary formulation production lines have achieved automation, featuring independently configured control systems that support equipment linkage, interlocking and collaborative operations. These systems simultaneously collect real-time critical production data and automatically generate reports, enhancing efficiency and quality traceability. The production line is characterized by both mechanization and automation, equipped with online process control and synchronized sub-assembly functions, and robotic arms are introduced to replace manual standardized operations for highly repetitive and labor-intensive processes, thus significantly improving production efficiency and consistency.

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The following table sets out the designed capacity, production volume and utilization rate of our production lines for our major products as at the dates indicated and the years indicated:

Production line	Unit	For the years ended December 31,						For the six month ended June 30,		
		2022			2023			2024		
		Designed production capacity ⁽¹⁾	Production volume	Utilization rate % ⁽²⁾	Designed production capacity ⁽¹⁾	Production volume	Utilization rate % ⁽²⁾	Designed production capacity ⁽¹⁾	Production volume	Utilization rate % ⁽²⁾
Apexelsin® Pacitaxel for Injection (Albumin-Bound) — production line A	thousand vials	/	/	/	/	/	/	125.0	16.7	13.3
SINOGEN (賽若金®) Human Interferon α1b	million vials	22.0	12.7	57.6	22.0	14.0	63.5	32.0	14.8	46.4
EPOSINO (依普定®) Human Erythropoietin Injection	million vials	32.5	27.3	84.0	32.5	28.9	88.9	32.5	28.6	87.9
WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection	million vials	5.0	3.8	76.2	5.0	4.2	83.3	5.0	3.5	70.5
								2.5	1.6	65.9

Notes:

- (1) Designed production capacity relates to the designed annual production capacity of our production lines in operation at the end of the period.
- (2) The utilization rates for 2022, 2023 and 2024 are calculated by dividing the production by the annual production capacity. Utilization rate for the six months ended June 30, 2025 is calculated by dividing production for that period by half of the total annual production capacity.

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The table below sets out the designed capacity of our paclitaxel for injection (albumin-bound) production line B, PEGylated human G-CSF stock solution production line, and bioreactor-based human erythropoietin stock solution production line, which are currently under construction:

Production line	Unit	Designed production capacity
Paclitaxel for injection (albumin-bound) production line B	thousand bottles	500
PEGylated human G-CSF stock solution production line	g	3,000
Bioreactor-based human erythropoietin stock solution production line	g	2,800

In formulating our expansion and upgrade plans, we have considered a number of factors, including the timing of expansion and upgrade, market demand for products during the upgrade and transformation period, supporting infrastructure, compliance and risk control, introduction of automation or intelligent equipment, technical upgrades related to production processes as well as capital expenditures.

Raw Materials

The main raw materials required for our pharmaceutical production include raw materials and consumables for recombinant protein fermentation and purification, auxiliary materials for formulation production, raw materials, auxiliary materials for the fermentation and formulation production of microecological products.

We only procure raw materials used in product development and production processes from approved suppliers. We have established a bidding and procurement system and supplier management system, including but not limited to supplier management guidelines, policies and contract guidelines. According to this system, we maintain and continuously update a list of qualified and approved suppliers. We evaluate potential suppliers based on various factors such as their qualifications, compliance status, product quality, occupational health and safety, and environmental management, and conduct sampling inspections on potential suppliers to ensure that their product quality meets our standards. We regularly review, evaluate and rate the performance of suppliers, and verify their qualifications to ensure the legality and quality of our raw materials.

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Our main raw materials, such as human albumin, culture medium, serum and fillers, are primarily sourced from overseas. Currently, the main terminal manufacturers of our raw materials are concentrated overseas. Although we have implemented domestic substitutions for some key materials, due to various factors, we are expected to primarily import from overseas in the short term. Against the backdrop of global economic uncertainty, it is not ruled out that the supply from overseas may be delayed or the procurement prices may be raised, which could have a certain impact on the Company’s operations. Regarding the risks associated with overseas supply, see “Risk Factors — Risks Related to Our Business and Industry — Risks Relating to Manufacture and Products — A substantial portion of the key raw materials for our products is sourced from overseas, exposing us to supply chain disruptions and cost volatility amid global economic and trade uncertainty”. To maintain the stability of our overseas supply chain, we actively negotiate with suppliers to promote the establishment of production or packaging facilities in China or other regions to avoid the adverse effects of Sino-US trade frictions. In addition, we are actively seeking domestic substitutions to prepare for potential import restrictions in the worst-case scenario. For key materials, we will select one main supplier and two alternative suppliers to prevent the risk of delayed supply from suppliers. According to the annual framework agreement entered into with suppliers, we adopt measures such as quota procurement to maintain long-term cooperation with alternative suppliers.

In addition to the raw materials procured overseas, most of the raw materials used in our products can be easily obtained from several suppliers in the market, and we believe we have alternative sources of such raw materials with comparable quality and price. During the Track Record Period, we have not encountered significant difficulties in maintaining stable supply sources, and we expect to continue to maintain adequate and qualified supply sources in the future. We usually enter into supply agreements with our raw material suppliers and purchase on demand. The purchase price of our raw materials is usually determined through bidding procedures. During the Track Record Period, the main raw materials we purchased were raw materials and consumables for recombinant protein fermentation and purification, auxiliary materials for formulation production, raw materials and auxiliary materials for the fermentation and formulation production of microecological products, and there were no significant adverse fluctuations in the purchase prices of these main raw materials.

After inspecting and accepting the raw materials, we typically pay the relevant suppliers in full within 30 to 150 days after receiving the invoice. Our suppliers are usually responsible for arranging delivery to our designated locations at their own expense. We reserve the right to replace goods that do not meet our requirements or industry standards. If the replacement goods still fail to meet the relevant requirements or standards, we typically have the right to terminate the supply agreement and request a refund. We typically contract with more than one supplier for each major type of raw material, except for a very small number of specific raw materials for which we contract with an exclusive supplier.

We have established standardized procurement processes and a scientific procurement management system to reduce procurement costs and enhance procurement quality and efficiency. We have standardized all steps of the procurement process, including sourcing, negotiation, execution and supervision. Our demand department submits procurement requests based on production schedules and inventory status, and after internal approval, the procurement department conducts unified procurement. We have a dedicated procurement department responsible for overall procurement management, with financial and legal departments reviewing procurement matters. Upon arrival, purchased goods are stored in the

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warehouse’s inspection area. Quality assurance personnel are notified to conduct sampling inspections. After passing inspection, the materials department issues a release approval and a certificate of conformity. Production departments may then collect and use the purchased goods.

Quality Management

Our quality management system complies with the requirements of China and EU GMP. By adopting a rigorous quality management system, we ensure product quality, uphold responsibility for patients’ health and safety, and safeguard the long-term reputation of the enterprise. We have established system documentation including a quality manual and procedure documents, and continuously improve our quality management system to guarantee product quality. Our product quality standards meet the requirements of the Chinese Pharmacopoeia, European Pharmacopoeia, and British Pharmacopoeia.

Drugs are a special type of commodity that concerns human life and health. The R&D, production and post-market research of drugs must be conducted in accordance with strict quality management regulations. We have established a comprehensive quality management system that covers the management of the entire lifecycle of drugs, including design, development, production, sales and post-market research. The institutionalization and standardization of this management program facilitate our strict implementation in the work process, and allow us to continuously improve its applicability, adequacy and effectiveness, ensuring the effective operation of our quality management system.

In addition, we possess extensive compliance experience in production and quality-related regulations of overseas regulatory agencies. In particular, we have gained widespread recognition from the EU and emerging market countries. In April 2024, the Norwegian Medicines Agency certified that the paclitaxel for injection (albumin-bound) produced at our Jinan manufacturing base met the EU GMP standards and obtained the GMP certificate in accordance with the relevant regulations of the EMA. According to the mutual recognition system of GMP among EU member states, upon approval, the paclitaxel for injection (albumin-bound) is eligible for market access in the EU and eligible for sale in 27 EU countries. In January 2024, the infliximab production line of Mabtech (our partner) successfully passed the PIC/S GMP on-site audit by the National Health Surveillance Agency of Brazil. Brazil is a member of PIC/S, and its audit standards are aligned with international standards. This success opens the door to market access in the South American market.

To further strengthen our quality management, we have hired a quality management expert. In addition, we have established a professional quality team, responsible for full lifecycle quality management spanning product development, commercial production, and market sales. The quality management team conducts quarterly self-inspections to ensure compliance with GMP requirements. As of June 30, 2025, the quality team consisted of 95 employees, most of whom possess expertise in pharmaceuticals, chemistry or related fields.

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We have developed a training program that integrates regulatory requirements with job-specific needs, encompassing both external and internal training programs. External training primarily includes GMP training sessions on quality management topics such as aseptic assurance, quality risk management, and data integrity, organized by national, provincial, and municipal drug regulatory and inspection authorities as well as pharmaceutical industry associations. Internal training primarily covers quality management subjects including document/record management, deviation management, electronic data management, and aseptic production.

In addition, we have received several industry recognitions for our exceptional quality management capabilities. For instance, in July 2024, we were honored with the title of “2023 National Pharmaceutical Industry Quality Craftsmanship Enterprise” by the China Quality Association for Pharmaceuticals; in March 2023, we were awarded the title of “First Batch of Sterile Drug Quality Assurance Enterprise” by the China Quality Association for Pharmaceuticals. We were also honored with the Outstanding Achievement Award in the “National Pharmaceutical Industry Quality Management QC Group Activity” in October 2024. Furthermore, we actively contribute to the formulation of quality management industry standards and regulations, promoting systematic development in the pharmaceutical industry while fulfilling our social responsibilities.

The key aspects of our quality management program are as follows:

Raw Material Quality Management

We implement strict quality management for all raw materials we procure. Firstly, to ensure the consistent quality of raw materials, we have established a list of qualified suppliers and established long-term partnerships with our primary suppliers. The selection criteria for qualified suppliers mainly include: meeting quality standards, possessing relevant qualifications, passing relevant verification tests, long-term assessment of the pass rate of supplies, and satisfactory periodic scores. We only procure raw materials and other materials used in product development and production from the list of qualified suppliers. For our key material suppliers, we conduct annual audits and perform quality inspections at their production sites. For imported product suppliers, we conduct annual audits on their distributors to ensure they possess relevant licenses within their valid periods. Additionally, we have established a comprehensive quality management program encompassing all aspects of raw material management, including supplier development, receipt, inspection, evaluation, release and utilization. Before raw materials are stored, our quality management department conducts a full inspection based on quality standards. Only raw materials that meet quality standards are evaluated and released for further processing.

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Quality Management in the Production Process

We attach great importance to quality management during the production process, and carry out production in strict accordance with the technical specifications to ensure that each batch of products meets the quality standards. During the production process, our on-site QA will carry out process monitoring to ensure the safety and reliability of the production process system. In addition, we conduct regular self-inspection to ensure that our production line meets GMP requirements.

Final Product Quality Management

We have implemented a comprehensive product release process to ensure the quality of the final product. All products must undergo sampling and release testing before being launched into the market. Products are inspected against our approved pharmaceutical quality standards and testing methods. Upon meeting requirements, they are released following tiered review and approval by production, quality control, quality assurance, and the quality authorized person. We have established a sound drug vigilance system and formulated a series of after-sales policies, including return management, complaint handling policies, adverse drug reaction monitoring policies, and product recall policies. A drug traceability system is utilized to ensure market-released products are fully traceable. We have established product recall protocols and conduct annual simulated recalls to verify the effectiveness of our recall system.

Inventory Management

Inventory primarily consists of raw materials, auxiliary materials, packaging materials, consumables, bulk liquids, and finished goods. Our inventory is stored in different warehouses according to their respective storage requirements and attributes. Our company-owned warehouses include facilities for raw materials, auxiliary materials, packaging materials, consumables, bulk liquids, and finished goods. A separate hazardous chemicals warehouse is also maintained. To meet production capacity needs, the company has established an emergency reserve warehouse for contracted storage in the event of finished goods overflow.

Warehouses use the SAP system to digitally manage inventories, thereby improving inventory management efficiency. All materials are tracked throughout the entire process via the SAP system after warehousing: each raw and auxiliary material, packaging material and consumable material is assigned a unique code, strictly adhering to the “first in, first out” principle. Our inventory management procedure covers all aspects from material acceptance, daily inspection, release, audit and release to production requisition, and continuously monitor the process through the system’s visualization.

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We have established strict inventory management measures, closely monitoring inventory levels, maintaining appropriate stock levels for different products, and promoting inventory turnover. We have developed a safety stock level model: the production department dynamically adjusts inventory levels based on sales forecasts, supplier delivery cycles and inspection times. To address shortage risks, we adopt a multi-supplier strategy (at least two suppliers for key materials) and promote the localization of imported materials, while rolling out monthly updates to the production, supply and marketing coordination plan to optimize resource allocation.

We implement a three-tier inventory counting system — monthly self-inspection by the business department, comprehensive inventory counting by the finance department every six months, and annual inventory counting by external auditors. Through regular inventory counting and inspection, we continuously monitor expired or near-expired inventory. During the Track Record Period, we have scrapped and disposed of obsolete raw materials and expired finished products in accordance with relevant regulations.

Our product transportation requires third-party logistics providers to be equipped with cold chain facilities that meet product storage requirements: domestic sales follow a 15-day delivery deadline; for international sales, air or sea freight is used, aligning with flight and shipping schedules to avoid delays. In terms of risk control, each shipment of goods for international sales is separately insured, while for domestic sales, the logistics service provider is contractually required to bear the insured value insurance. Historical transportation accidents (such as car accidents) are fully compensated by third parties in accordance with contract terms. During the Track Record Period, we have not experienced any disputes arising from product issues during transportation.

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers primarily consist of distributors and direct sales customers of our pharmaceutical products in China and globally. For the years ended December 31, 2022, 2023 and 2024, and the six month ended June 30, 2025, our revenue from top five customers was RMB559.0 million, RMB567.2 million, RMB630.6 million and RMB304.7 million, respectively, accounting for 42.5%, 45.1%, 44.8% and 43.5% of our total revenue for the respective period.

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The following table sets out details of our top five customers for each year during the Track Record Period:

Ranking	Customer	Products/ services provided	Background	Year when the business relationship commenced	Revenue contribution (RMB million)	Percentage of total revenue (%)
<i>For the year ended December 31, 2022</i>						
1	Customer A	Pharmaceutical products	A public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical and medical device distribution	2011	285.0	21.7
2	Customer B	Pharmaceutical products	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in the production, distribution and sale of pharmaceutical and healthcare products	2010	102.9	7.8
3	Customer C	Pharmaceutical products	A public company listed on B3, a stock exchange in Brazil, with its primary operations located in Brazil, mainly engaging in health services and in the retail and distribution of pharmaceutical products	2012	63.3	4.8
4	C.Q. Pharmaceutical Holding Co., Ltd. (重藥控股股份有限公司)	Pharmaceutical products	A public company listed on the Shenzhen Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical commerce, warehousing and logistics, pharmaceutical industry, and research and development	2013	57.5	4.4
5	Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司)	Pharmaceutical products	A public company listed on the Shanghai Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical distribution, new pharmaceutical retail, pharmaceutical industry and pharmaceutical CSO	2013	50.3	3.8
Total					<u>559.0</u>	<u>42.5</u>

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Ranking	Customer	Products/ services provided	Background	Year when the business relationship commenced	Revenue contribution (RMB million)	Percentage of total revenue (%)
<i>For the year ended December 31, 2023</i>						
1	Customer A	Pharmaceutical products	A public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical and medical device distribution	2011	266.6	21.2
2	Customer B	Pharmaceutical products	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in the production, distribution and sale of pharmaceutical and healthcare products	2010	115.2	9.1
3	C.Q. Pharmaceutical Holding Co., Ltd. (重藥控股股份有限公司)	Pharmaceutical products	A public company listed on the Shenzhen Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical commerce, warehousing and logistics, pharmaceutical industry, and research and development	2013	67.5	5.4
4	Customer D	Pharmaceutical products	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical industry and pharmaceutical commerce	2011	66.6	5.3
5	Customer C	Pharmaceutical products	A public company listed on B3, a stock exchange in Brazil, with its primary operations located in Brazil, mainly engaging in health services and in the retail and distribution of pharmaceutical products	2012	51.3	4.1
Total					<u>567.2</u>	<u>45.1</u>

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Ranking	Customer	Products/ services provided	Background	Year when the business relationship commenced	Revenue contribution (RMB million)	Percentage of total revenue (%)
<i>For the year ended December 31, 2024</i>						
1	Customer A	Pharmaceutical products	A public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical and medical device distribution	2011	275.6	19.6
2	Customer B	Pharmaceutical products	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in the production, distribution and sale of pharmaceutical and healthcare products	2010	113.0	8.0
3	Taizhou Mabtech Pharmaceutical Limited (泰州邁博太 科藥業有限公司)	Marketing and promotion services	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in the research, development, and industrialization of new drugs and biosimilars for treating cancer and autoimmune diseases	2022	96.4	6.9
4	C.Q. Pharmaceutical Holding Co., Ltd. (重慶控股股份有限公 司)	Pharmaceutical products	A public company listed on the Shenzhen Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical commerce, warehousing and logistics, pharmaceutical industry, and research and development	2013	73.4	5.2
5	Customer D	Pharmaceutical products	A public company listed on the Stock Exchange and the Shanghai Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical industry and pharmaceutical commerce	2011	72.2	5.1
Total . . .					<u>630.6</u>	<u>44.8</u>

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Ranking	Customer	Products/ services provided	Background	Year when the business relationship commenced	Revenue contribution (RMB million)	Percentage of total revenue (%)
<i>For the six month ended June 30, 2025</i>						
1	Customer A	Pharmaceutical products	A public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in pharmaceutical and medical device distribution	2011	112.8	16.1
2	Taizhou Mabtech Pharmaceutical Limited (泰州邁博太 科藥業有限公司)	Marketing and promotion services	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in the research, development, and industrialization of new drugs and biosimilars for treating cancer and autoimmune diseases	2022	59.1	8.4
3	Customer B	Pharmaceutical products	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, mainly engaging in the production, distribution and sale of pharmaceutical and healthcare products	2010	48.5	6.9
4	Customer C	Pharmaceutical products	A public company listed on B3, a stock exchange in Brazil, with its primary operations located in Brazil, mainly engaging in health services and in the retail and distribution of pharmaceutical products	2012	46.7	6.7
5	Customer E	Pharmaceutical products	A private pharmaceutical company located in Germany	2023	37.6	5.4
Total					<u>304.7</u>	<u>43.5</u>

Note: The credit period we grant to our top five customers generally ranges from 30 to 180 days after the invoice date, and payment is made via wire transfer or bank acceptance bill. To the best knowledge of our Directors, all of our top five customers in each year during the Track Record Period were independent third parties. None of our Directors or any of their close associates (and to the Directors’ knowledge, none of the shareholders holding more than 5% of the issued shares) had any interest in any of our top five customers in each year during the Track Record Period. Furthermore, to the Directors’ knowledge, none of our top five customers had any other relationship or arrangement with us (including past or present relationships or arrangements in terms of family, business, financing, guarantees or other aspects) in each year during the Track Record Period.

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Our Suppliers

Our suppliers primarily provide raw and auxiliary materials, packaging materials, marketing and promotion services, and outsourced research and development services. For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, our total purchase amounts from our top five suppliers were RMB168.3 million, RMB179.4 million, RMB140.9 million and RMB81.2 million, respectively, accounting for 16.4%, 17.6%, 17.2% and 20.3% of total purchases for the respective period.

The following table sets out certain details of our top five suppliers for each year during the Track Record Period:

Ranking	Supplier	Products/services purchased	Background	Year when the business relationship commenced	Purchase amount (RMB million)	Percentage of total purchase (%)
<i>For the year ended December 31, 2022</i>						
1	Shandong Weigao Puri Pharmaceutical Packaging Co., Ltd. (山東威高普瑞醫藥包裝有限公司)	Packaging materials	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, specializing in medical devices, pharmaceutical packaging and other businesses	2019	62.2	6.1
2	Supplier A	Raw and auxiliary materials	A private company with its primary operations located in China, specializing in laboratory instruments, biochemical reagents (and related technical services/distribution)	2013	62.0	6.0
3	Qingdao Haosail Technology Co., Ltd. (青島浩賽科技股份有限公司)	Raw and auxiliary materials	A private company with its primary operations located in China, specializing in providing one-stop solutions for scientific instruments, biological reagents, and experimental technology services	2012	15.8	1.5

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Ranking	Supplier	Products/services purchased	Background	Year when the business relationship commenced	Purchase amount (RMB million)	Percentage of total purchase (%)
4	Supplier B	Marketing and promotion services	A private company with its primary operation located in China, specializing in consulting and market promotion services	2021	14.3	1.4
5	Guiyang Mixin Future Consulting and Planning Co., Ltd. (貴陽密信未來諮詢策劃有限公司)	Marketing and promotion services	A private company with its primary operations located in China, specializing in business consulting, marketing, and technical development services	2021	14.0	1.4
Total					<u>168.3</u>	<u>16.4</u>
Ranking	Supplier	Products/services purchased	Background	Year when the business relationship commenced	Purchase amount (RMB million)	Percentage of total purchase (%)

For the year ended December 31, 2023

1	Shandong Weigao Puri Pharmaceutical Packaging Co., Ltd. (山東威高普瑞醫藥包裝有限公司)	Packaging materials	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, specializing in medical devices, pharmaceutical packaging and other businesses	2019	58.0	5.7
2	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司)	Outsourced research and development services	A public company listed on the Shenzhen Stock Exchange and Stock Exchange, with its primary operations located in China, specializing in providing end-to-end professional services for clinical trials in new drug development	2022	51.3	5.0

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Ranking	Supplier	Products/services purchased	Background	Year when the business relationship commenced	Purchase amount (RMB million)	Percentage of total purchase (%)
3	Supplier A	Raw and auxiliary materials	A private company with its primary operations located in China, specializing in laboratory instruments, biochemical reagents (and related technical services/distribution)	2013	32.2	3.2
4	Supplier C	Marketing and promotion services	A private company with its primary operation located in China, specializing in management consulting, IT and software, and marketing and event management	2023	22.2	2.2
5	Supplier D	Outsourced research and development services	A public company listed on the Shanghai Stock Exchange with its primary operation located in China, specializing in non-clinical research services for biopharmaceuticals	2022	15.7	1.5
Total . . .					<u>179.4</u>	<u>17.6</u>

Ranking	Supplier	Products/services purchased	Background	Year when the business relationship commenced	Purchase amount (RMB million)	Percentage of total purchase (%)

For the year ended December 31, 2024

1	Shandong Weigao Puri Pharmaceutical Packaging Co., Ltd. (山東威高普瑞醫藥包裝有限公司)	Packaging materials	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, specializing in medical devices, pharmaceutical packaging and other businesses	2019	55.5	6.8

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Ranking	Supplier	Products/services purchased	Background	Year when the business relationship commenced	Purchase amount (RMB million)	Percentage of total purchase (%)
2	Supplier C	Marketing and promotion services	A private company with its primary operation located in China, specializing in management consulting, IT and software, and marketing and event management	2023	30.3	3.7
3	Zhejiang Haichang Biotech Co., Ltd. (浙江海昶生物醫藥股份有限公司)	Pharmaceutical products and sales-based royalties	A private company with its primary operations located in China, specializing in the research, development, and production of pharmaceutical intermediates and related biomedical technologies	2021	19.0	2.3
4	Supplier A	Raw and auxiliary materials	A private company with its primary operations located in China, specializing in laboratory instruments, biochemical reagents (and related technical services/distribution)	2013	18.3	2.2
5	Sigma-Aldrich (Shanghai) Trading Co., Ltd. (西格瑪奧德里奇(上海)貿易有限公司)	Raw and auxiliary materials	A company with primary operations located in China, specializing in laboratory chemical reagents, biological reagents, and the manufacturing of related consumables	2011	17.8	2.2
Total . . .					<u>140.9</u>	<u>17.2</u>

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Ranking	Supplier	Products/services purchased	Background	Year when the business relationship commenced	Purchase amount (RMB million)	Percentage of total purchase (%)
<i>For the six months ended June 30, 2025</i>						
1	Zhejiang Haichang Biotech Co., Ltd. (浙江海昶生物醫藥股份有限公司)	Pharmaceutical products and sales-based royalties	A private company with its primary operations located in China, specializing in the research, development, and production of pharmaceutical intermediates and related biomedical technologies	2021	27.0	6.7
2	Shandong Weigao Puri Pharmaceutical Packaging Co., Ltd. (山東威高普瑞醫藥包裝有限公司)	Packaging materials	A subsidiary of a public company listed on the Stock Exchange, with its primary operations located in China, specializing in medical devices, pharmaceutical packaging and other businesses	2019	20.8	5.2
3	Supplier C	Marketing and promotion services	A private company with its primary operation located in China, specializing in management consulting, human resource and labor services, IT and software, and marketing and event management	2023	15.3	3.8
4	Sigma-Aldrich (Shanghai) Trading Co., Ltd. (西格瑪奧德里奇(上海)貿易有限公司)	Raw and auxiliary materials	A company with primary operations located in China, specializing in laboratory chemical reagents, biological reagents, and the manufacturing of related consumables	2011	9.5	2.4
5	Supplier A	Raw and auxiliary materials	A private company with its primary operations located in China, specializing in laboratory instruments, biochemical reagents (and related technical services/distribution)	2013	8.6	2.2
Total					<u>81.2</u>	<u>20.3</u>

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Note: The credit period generally granted by our top five suppliers is 30 to 150 days after receipt of invoices, and payment is made through wire transfer, bill endorsement, letter of credit and other methods. To the knowledge of our Directors, except for Haichang Biotech (in which we held an equity interest of approximately 1.5%), all of our top five suppliers were independent third parties in each year during the Track Record Period. None of our Directors or any of their close associates (and to the knowledge of our Directors, none of the shareholders holding more than 5% of the issued shares) had any interest in any of our top five suppliers in each year during the Track Record Period. Furthermore, to the knowledge of our Directors, none of our top five suppliers had any other relationship or arrangement with us (including past or present relationships or arrangements in terms of family, business, financing, guarantees or other aspects) in each year during the Track Record Period.

Overlapping Customers and Suppliers

To the best of our Directors’ knowledge and belief, during the Track Record Period, (i) Haichang Biotech was one of our top five suppliers in 2024 and for the six months ended June 30, 2025 and was also our customer for the six months ended June 30, 2025; (ii) Customer A was one of our top five customers during in 2022, 2023, 2024 and in the six months ended June 30, 2025, and was also our supplier in the same periods and (iii) Customer B was one of our top five customers during in 2022, 2023, 2024 and in the six months ended June 30, 2025, and was also our supplier in 2022, 2023, and in the six months ended June 30, 2025; (iv) Customer D was one of our top five customers in 2023 and 2024, and was also our supplier in 2022 (collectively, the “**Overlapping Customers and Suppliers**”).

In 2022, 2023, 2024 and for the six months ended June 30, 2025, our purchases from Haichang Biotech amounted to nil, nil, RMB19.0 million and RMB27.0 million, respectively, representing nil, nil, 2.3% and 6.7% of our total purchases. For the six months ended June 30, 2025, our sales to Haichang Biotech amounted to RMB2.5 million, representing 0.4% of our total revenue.

In 2022, 2023, 2024 and for the six months ended June 30, 2025, our sales to Customer A amounted to RMB285.0 million, RMB266.6 million, RMB275.6 million and RMB112.8 million, respectively, representing 21.7%, 21.2%, 19.6% and 16.1% of our total revenue. In the same periods, our purchases from Customer A amounted to RMB0.7 million, RMB0.2 million, RMB0.2 million and RMB0.1 million, representing 0.1%, 0.0%, 0.0% and 0.0% of our total purchases, respectively.

In 2022, 2023, 2024 and for the six months ended June 30, 2025, our sales to Customer B amounted to RMB102.9 million, RMB115.2 million, RMB113.0 million and RMB48.5 million, respectively, representing 7.8%, 9.1%, 8.0% and 6.9% of our total revenue. In the same periods, our purchases from Customer B amounted to RMB0.2 million, RMB0.0 million, nil and RMB0.0 million, representing 0.0%, 0.0%, nil and 0.0% of our total purchases, respectively.

In 2022, 2023, 2024 and for the six months ended June 30, 2025, our sales to Customer D amounted to RMB41.1 million, RMB66.6 million, RMB72.2 million and RMB23.5 million, respectively, representing 3.1%, 5.3%, 5.1% and 3.4% of our total revenue. In the same periods, our purchases from Customer D amounted to RMB2.1 million, nil, nil and nil, representing 0.2%, nil, nil and nil of our total purchases, respectively.

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The terms of sales and purchases from Overlapping Customers and Suppliers are negotiated on a case-by-case basis, and the sales and purchases are not interrelated or conditional upon each other. Such sales and purchases are made solely based on the needs of Overlapping Customers and Suppliers and their own commercial judgment, and are conducted in the ordinary course of business on normal commercial terms. The Directors confirm that all sales and purchases from Overlapping Customers and Suppliers are conducted in the ordinary course of business on normal commercial terms and at arm’s length. The pricing and other terms of the transactions are consistent with our transactions with other customers and suppliers for similar purchases or sales of similar products in similar quantities. The Directors further confirm, and Frost & Sullivan agrees, that the terms of such transactions are consistent with industry practice. To the best of the Directors’ knowledge and belief, except for Haichang Biotech (in which we held an equity interest of approximately 1.5%), Overlapping Customers and Suppliers and their ultimate beneficial owners are independent third parties. The Directors also confirm that, to the best of their knowledge, other than business relationships related to the Group’s core business, during the Track Record Period and up to the Latest Practicable Date, neither the Company nor any of its subsidiaries, shareholders, directors, or any of their respective associates had any past or present relationship (whether business, financial, employment, or other relationships) with Overlapping Customers and Suppliers.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned (i) 72 issued patents in China, and (ii) 42 patent applications, comprising 35 in China, four in other jurisdictions and three patent applications under the PCT.

Our patent strategy focuses on seeking comprehensive and long-term patent protection for our products and technologies, covering our R&D, production and manufacturing processes.

We rely on intellectual property rights to protect technologies, inventions and improvements that we believe are important for maintaining product competitiveness. In 2024, we successfully passed the supervision and audit of the intellectual property management system, becoming a national enterprise with intellectual property advantages. Furthermore, we have established a system where intellectual property work is directly managed by the general manager, and appointed a dedicated team to oversee daily work. When developing new products and researching new technologies, we first conduct patent searches. By utilizing the technologies and methods provided by patent documents, we can stay informed about the latest technological achievements and research trends in our field, both domestically and internationally, to avoid duplicate research, waste of investment, and minimize the risk of infringing on others’ intellectual property rights. We have established an intellectual property work ledger to dynamically manage the intellectual property owned by the Company, and actively and promptly apply for new intellectual property rights. We have taken a series of measures to dynamically monitor the Company’s intellectual property rights to prevent infringement, and report any infringement promptly when discovered.

In addition, to protect our intellectual property rights, our standard employee contracts include confidentiality clauses that prohibit employees from disclosing trade secrets to any third party. Furthermore, we may also sign additional confidentiality agreements with certain R&D personnel, stipulating that all relevant intellectual property developed during their employment is owned by us and considered as trade secrets. As of the Latest Practicable Date, we were not aware of any infringement of our intellectual property that would, individually or collectively, have a material adverse effect on our business, financial condition or operating results. We also had no pending or threatened disputes or claims arising from infringement of third-party intellectual property rights that would, individually or collectively, had a material adverse effect on our business, financial condition or operating results.

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COMPETITION

China and the global pharmaceutical markets are characterized by intense competition among large domestic and multinational pharmaceutical companies, as well as emerging biotechnology firms. We face competition from these entities across various aspects, including R&D capabilities, manufacturing scale and quality, commercial reach, brand recognition, and product pricing. Our commercialized products and product candidates primarily compete with other products in their respective therapeutic areas on the basis of clinical efficacy, safety profile, price, and market acceptance by healthcare professionals and payors. Many of our competitors possess substantially greater financial, manufacturing, and human resources, and may devote these resources to developing, manufacturing, and marketing products that compete directly with ours.

Our competitive strengths lie in our diversified and innovative product portfolio, robust R&D engine with a promising pipeline, globally-compliant manufacturing capabilities, and demonstrated success in both domestic and international commercialization.

- **Differentiated Portfolio and Pipeline:** We have established a strong market position with our commercialized products. SINOGEN (赛若金®) Human Interferon α 1b accounted for 55.2% of sales in China’s short-acting human interferon α 1b market in 2024, ranking first for the sixth consecutive year by market share. EPOSINO (依普定®) Human Erythropoietin Injection accounted for 16.7% in China’s human erythropoietin market in 2024, ranking second for the fourth consecutive year by market share. WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor accounted for 5.2% of sales in China’s short-acting human granulocyte colony-stimulating factor market in 2024, ranking among the top six for the second consecutive year by market share. Our pipeline focuses on new-generation modalities, including potential best-in-class and first-in-class candidates, which we believe position us well for further development and commercialization.
- **Advanced and Globally-Compliant Manufacturing:** Our manufacturing system is designed to meet international regulatory standards, which is critical for global expansion. This capability is evidenced by our successful exports of albumin-bound paclitaxel to strictly regulated markets like Europe, where we are positioned to address the supply shortages announced by the EMA.
- **Proven Commercialization and Global Expansion:** We have built robust commercialization capabilities in China and are rapidly expanding our global footprint. Our ability to secure and grow market share for our key products domestically, coupled with our increasing export revenue and successful regulatory filings overseas, underscores our effective commercial strategy.

Our ability to remain competitive and sustain growth will depend on our capacity in various respects, including successfully advancing our differentiated clinical-stage pipeline into late-stage development and commercialization; further penetrating international markets

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by capitalizing on global opportunities, such as the demand for biosimilars and the shortage of albumin-bound paclitaxel in Europe; continuously enhancing our R&D productivity to develop high-quality, innovative therapeutics; maintaining and strengthening our global-standard manufacturing and quality control systems; and attracting, developing, and retaining top-tier scientific and commercial talent to fuel our long-term innovation and global ambitions.

LAND AND PROPERTY

Self-Owned Property

As of the Latest Practicable Date, we owned and/or occupied approximately 5 parcels of land (with a total site area of approximately 151,610.00 square meters) and 55 properties (with a total gross floor area of approximately 129,411.97 square meters) in China, which were used as our principal properties. Principal properties refer to properties currently used for production or R&D activities, or properties with a gross floor area of at least 1,000 square meters and used as offices, dormitories or ancillary facilities.

Leased Property

As of the Latest Practicable Date, we leased 11 properties in China (with a total gross floor area of approximately 15,977.57 square meters) primarily for production, R&D, offices, dormitories and ancillary facilities, for which lease registration had not been completed as of the Latest Practicable Date. According to the explanation of our PRC Legal Advisor, we have not been penalised by the competent authorities for failing to complete the filing procedures for lease agreements. Failure to complete the filing procedures for lease agreements will not affect our actual use of the above properties, and will not have any material adverse impact on our production and operation.

Internal Control Measures

To ensure property compliance, we have implemented the following internal control measures:

- Conduct due diligence before purchasing or leasing a new property, including reviewing the land use rights certificate, the house ownership certificate, and checking whether there are any mortgages or guarantees;
- Seeking PRC legal advice on property ownership and compliance matters when purchasing or constructing properties;
- The legal department/designated department shall oversee the implementation of compliance procedures and engage external consultants when necessary.

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We believe that the above measures will effectively prevent serious violations of property laws and regulations in the future.

INSURANCE

We purchase necessary insurance policies in accordance with PRC laws and regulations and our assessment of operational needs and industry practices. We have purchased liability insurance for certain clinical trials to cover patient personal injury and other clinical trial liabilities and general insurance to cover property damage caused by accidents or natural disasters. We have secured sufficient insurance coverage for environmental liability. We do not purchase insurance that covers intellectual property infringement, misappropriation or violations. We believe that the scope of the insurance policies we have procured is sufficient for our current operations and complies with the industry standards for our business and operations. During the Track Record Period, we have not made or been made any significant insurance claims.

HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

Environmental, Social and Governance (ESG)

We have established a comprehensive policy framework and implementation system aimed at promoting work in the fields of society, health, production safety and environmental protection. Based on long-term development, we will be guided by the relevant requirements of the “Environmental, Social and Governance Reporting Guide” under Appendix C2 to the Listing Rules, actively identify and analyze environmental, social and governance (ESG) risk factors that may affect the Company’s operations, development strategies and financial conditions, and integrate these key issues into the entire process of the Company’s operational decision-making, strategy formulation and financial management.

ESG Governance and Management Framework

Our Board of Directors places high importance on ESG management, regarding it as a strategic cornerstone for driving sustainable corporate development and enhancing long-term value creation capabilities. The Board of Directors diligently fulfills environmental protection responsibilities, continuously monitors the Company’s performance in areas such as resource consumption, pollutant emissions and climate change response, and urges the management to integrate environmental concepts into all production and operational processes, thereby advancing the deepening and innovation of green pharmaceutical practices. Our Board of Directors actively fulfills social responsibilities, and focuses on issues such as employee rights protection, occupational health and safety, and supply chain responsibility management, ensuring that the Company safeguards the legitimate rights and interests of employees, partners, and other stakeholders while pursuing economic benefits, thereby fostering synergistic enhancement of corporate growth and social value.

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The Board of Directors will focus on ESG matters that have a significant impact on our business operations and sustainable development, maintain effective communication with employees, investors, customers and other key stakeholders. The Board of Directors continuously tracks the progress of ESG work through regular debriefings from the management and special discussions, promptly identifies and responds to emerging risks, and promotes the continuous optimization and improvement of the ESG management system. In addition, we continuously enhance the understanding of our business, products and technology among information disclosure staff and improve their level of information disclosure through internal and external training.

Identify, Assess and Mitigate ESG Risks

We deeply recognize the potential impact of ESG-related risks on business operations. To continuously strengthen the ESG risk management system and identification mechanism, we conduct regular and rigorous internal and external environmental monitoring, regularly carry out occupational hazard factor investigations, continuously enhance the compliance awareness of directors, supervisors and senior management as well as relevant key personnel, and have established dedicated functional departments responsible for information disclosure to ensure all legally required information is fully disclosed. During the Track Record Period, we have not faced any significant financial losses or operational disruptions due to environmental, social and governance issues.

Environmental Protection

We integrate environmental protection concepts throughout the entire process of our business activities, encompassing all aspects from initial scientific research and innovation, intermediate production and manufacturing to final product supply. We comply with relevant laws and regulations applicable to pharmaceutical production, including those governing air emissions, water discharges, solid waste, sewage and exhaust gas, as well as hazardous substances. For details, see “Regulatory Overview — Principal Regulatory Provisions — Laws and Regulations on Environmental Protection”. We have established a standardized, scientific and reasonable environmental management system, regularly conducting internal and external environmental monitoring and auditing to ensure compliance with applicable environmental standards and mitigate the impact of our operations on the environment.

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Resource Consumption

Energy

We regard the sustainable development of energy as a crucial link that unites corporate responsibility and stimulates development vitality. We actively promote the participation of all employees in green energy management initiatives. Through regular concept promotion and specialized cultural cultivation, we guide everyone from the management to frontline employees to practice energy-saving awareness based on their positions, integrating green energy use into all aspects of daily operations and fostering an energy management atmosphere involving all employees. Our energy consumption comes from purchased electricity and purchased heat, which are also significant sources of indirect greenhouse gas emissions. In addition, we also consume natural gas, gasoline and diesel, which are important sources of direct greenhouse gas emissions.

The table below presents our energy consumption during the Track Record Period.

Resource consumption	As of December 31			As of June 30
	2022	2023	2024	2025
Purchased electricity (MWh) .	12,693	14,213	13,419	4,353
Purchased heat (ton)	49,873	46,896	49,180	31,136
Natural gas consumption (m ³)	230,912	245,194	190,499	52,704
Gasoline consumption (liters)	9,626	8,501	10,115	3,189
Diesel consumption (liters) . .	2,574	2,573	1,490	1,313

In terms of energy consumption management, we have implemented a robust energy management system tailored to our operational and developmental needs, setting specific energy consumption targets for energy efficiency and emission reduction. To achieve these goals, we have adopted digital tools such as energy intelligence management systems and online equipment monitoring systems to optimize production decisions and resource allocation, thereby driving efficiency improvements.

Water Resources

We attach great importance to the sustainable development of water resources, strictly abide by relevant laws and regulations, and actively fulfill our environmental responsibility to protect and rationally utilize water resources. The municipal water supply system is our main source of water. During the Track Record Period, we have not encountered significant challenges in terms of water resource security or supply. The Company’s water resources are

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mainly used for daily operations in office areas, research and development sites, and related operational processes, to ensure the smooth operation of the Company’s business and innovative research and development work.

The table below presents our resource consumption during the Track Record Period.

Resource consumption	As of December 31,			As of June 30,
	2022	2023	2024	2025
Total water consumption (m ³)	505,527	459,407	436,335	213,948

Our goal is to reduce water consumption in all aspects of production and operation through strict water resource management systems and policies, thereby improving water use efficiency. Specific measures include the following aspects:

- We have upgraded water-saving technologies in processes with high water consumption. We have also implemented projects such as reverse osmosis concentrated water recovery, heat recovery and reuse, and steam condensate recovery and reuse.
- We continuously upgrade and improve energy and water conservation measures, while gradually optimizing the energy consumption structure to enhance the utilization efficiency of resources and energy.
- We have invested in establishment of power-saving project for air compression stations, power and steam conservation project for animal rooms, reclaimed water conservation project, comprehensive utilization and steam conservation project for hot wastewater in Area A, comprehensive utilization and steam conservation project for hot wastewater in Area B, power-saving project for maglev refrigerators, revitalization and power-saving project for 35KV substations, and steam conservation project for dormitory heating.

Emissions

The primary pollutants generated during our production processes include wastewater, exhaust gases, and solid waste. The Company maintains a commitment to strengthening the management of wastewater, exhaust gases, and solid waste (both general solid waste and hazardous waste) and focuses on the stable operation of all environmental protection facilities to ensure pollutants are discharged in compliance with standards; the Company has established emergency response plans for sudden environmental pollution incidents and implemented daily self-monitoring programs for environmental conditions.

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Greenhouse Gas Emissions

We are committed to proactively reducing greenhouse gas emissions from our operations, integrating carbon emissions management into the core of our environmental protection efforts. Our greenhouse gas emissions encompass Scope 1, Scope 2, and Scope 3. Scope 1 refers to direct greenhouse gas emissions, primarily from energy consumed directly in our production and operations. Scope 2 refers to indirect greenhouse gas emissions from the consumption of purchased electricity and heat. Scope 3 refers to other indirect greenhouse gas emissions associated with employee business travel. To reduce carbon emissions, we are transitioning to clean energy and expanding the use of renewable energy in our production and operations, and optimizing energy structures to minimize carbon emissions.

The table below presents our greenhouse gas emissions during the Track Record Period.

Greenhouse Gas Emissions	As of December 31			As of June 30
	2022	2023	2024	2025
Scope 1 (direct emission) ⁽¹⁾ (tCO ₂ e)	522	550	434	123
Scope 2 (indirect emission) ⁽²⁾ (tCO ₂ e)	21,075	21,039	21,266	11,241
Scope 3 (other indirect emission) ⁽³⁾ (tCO ₂ e)	115	248	325	172
Scope 1 and scope 2 greenhouse gas emissions (tCO ₂ e)	21,597	21,589	21,700	11,364
Total greenhouse gas emissions (tCO ₂ e)	21,712	21,837	22,025	11,536

Notes:

- (1) Data related to Scope 1 emissions primarily originate from the direct combustion of natural gas and the combustion of gasoline and diesel in directly owned vehicles. Scope 1 emissions are calculated based on the characteristic parameters of common fossil fuels published by the National Development and Reform Commission.
- (2) Data related to Scope 2 emissions primarily originate from the consumption of externally procured electricity and heat. Purchased electricity emissions are calculated using the national average carbon dioxide emission factor for electricity published by the Ministry of Ecology and Environment of China. Purchased heat emissions are calculated using the heating emission factor published by the National Development and Reform Commission.
- (3) Data related to Scope 3 emissions primarily originate from the emissions of employee business travel flights. As underlying upstream and downstream data and emission factors continue to be refined, we will further advance our Scope 3 stocktaking.

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As our business expands, we anticipate that greenhouse gas and waste emissions will increase the environmental impact of our operations. We implement targeted measures to treat exhaust gases, ensuring compliance after effective treatment: exhaust gases from production workshops and laboratories are uniformly collected and treated through measures such as spray scrubbing and activated carbon adsorption to meet standards before being discharged at high elevations. The entire process is compliant, and we independently organize third-party inspections of exhaust emissions quarterly, retaining all inspection records.

Waste Management

We treat standardized waste management as a key practice in fulfilling our environmental responsibilities and advancing green operations. We remain highly attentive to the potential environmental impacts of waste, adhering to the principles of “reduction, reuse, and recycling” as we pursue waste minimization, long-term compliance with discharge standards, and enhanced resource utilization efficiency. For general and hazardous waste generated during operations, we implement systematic management measures in strict compliance with relevant laws and regulations, including the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Pollution Control Standard for Hazardous Waste Storage. Our general waste primarily includes household garbage, office waste, and kitchen waste, while hazardous waste mainly comprises chemical packaging materials, non-compliant pharmaceuticals, chemical waste liquids, and laboratory waste generated during experiments.

The table below presents our waste management practices during the Track Record Period.

Waste Category	As of December 31			As of June 30
	2022	2023	2024	2025
General waste (tons)	84	63	57	58
Hazardous waste (tons)	84	143	215	110

For general waste, we emphasize guiding all employees to participate in sorting and recycling. Through advocacy and practical experience, we cultivate environmental awareness among staff, promoting waste reduction and resource reuse in office and operational processes. For hazardous waste, we have established detailed measures to mitigate associated safety risks:

- Implement strict procedures for the use, storage, handling, and disposal of hazardous substances;
- Set up designated storage areas for hazardous substances and waste, manage separately by type and adhere to standardized operating procedures, as well as equip with necessary fireproof, explosion-proof, leak-proof, impermeable, and corrosion-resistant protective facilities for those areas;

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- Conduct regular training sessions on relevant laws, regulations, handling procedures, and emergency protocols for hazardous substances and waste, require all new employees to complete such training and pass assessments before commencing work; and conduct periodic emergency drills to enhance employees’ response capabilities.

In addition, we have engaged qualified third-party service providers to handle and dispose of hazardous waste, who provide services in accordance with relevant government regulations.

Wastewater Discharge

We strictly adhere to relevant laws and regulations such as the Law of the People’s Republic of China on the Prevention and Control of Water Pollution, and implement systematic management measures to ensure that wastewater treatment meets discharge standards. Regarding wastewater discharge, we have implemented and continued to promote various measures to comply with applicable wastewater discharge standards and reduce wastewater discharge intensity. Specific measures cover the following aspects:

- Establish high-standard wastewater treatment facilities to ensure that the treated wastewater meets emission standards consistently;
- Implement wastewater reuse projects to enhance water resource recycling efficiency;
- Continuously improve wastewater treatment and discharge facilities while optimizing treatment processes;

We strictly adhere to national laws and regulations in conducting ISO14001 environmental management system certification and audits of pollution prevention facilities and environmental procedures. We comprehensively identify discharge information and pollution control facility construction, implementing rigorous verification and management at every stage. Through sustained investment and practice in environmental protection, we have earned honors including “2024 Shandong Provincial Green Factory,” “2024 Shandong Provincial Zero-Waste Factory,” and “Shenzhen Clean Production Enterprise.”

Climate-Related Risks

We place significant emphasis on addressing the impacts of climate change. We fully recognize the profound effects of climate change on the global economy and sustainable development, as well as the substantial risks it poses to our business operations, supply chain management, and long-term strategic development. We systematically manage climate-related risks by categorizing them into two main types: physical risks and transition risks.

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Physical Risks and Mitigation Measures

Physical risks primarily stem from the direct impacts of environmental changes caused by climate change on our assets and operations. Climate change may pose challenges to the storage and transportation of our pharmaceutical products, leading to production disruptions and product losses that could result in stalled production capacity and financial losses. Disasters caused by extreme weather events may damage our facilities, incurring additional repair or replacement costs, or causing temporary or long-term information disclosure. They may also disrupt logistics or cause delivery delays, exposing us to additional costs related to third-party liabilities. Furthermore, climate disasters may impact employee lives and commutes, leading to talent attrition. To address these physical risks, beyond closely monitoring weather forecasts and promptly issuing extreme weather alerts, we have integrated climate-related issues into our governance and decision-making processes. We actively identify and mitigate climate-related risks while adjusting strategies to enhance our adaptability. For instance, we have refined our emergency response systems and contingency plans to better manage the impacts of extreme weather events, thereby improving our capacity to avoid potential operational disruptions, resource shortages, and reduce safety risks during such incidents. Looking ahead, we plan to monitor evolving climate-related risks and aim to enhance our overall resilience to climate challenges by strengthening our climate change management systems, leveraging green energy, and promoting responsible supply chains.

Transition Risks and Mitigation Measures

Transition risks primarily originate from policy, technological, and market shifts arising during the shift to a low-carbon economy. Increasingly stringent global carbon emission regulations and reduction standards, rapid iteration of low-carbon production technologies, heightened international market demands for product sustainability, and growing awareness among global consumers and investors regarding corporate environmental responsibility will all increase our operational costs and investment requirements, impact our cost competitiveness, financing capabilities, and market access. They may directly impact our operations or indirectly affect our operations as our customers must comply with regulations, potentially leading to additional compliance costs and restrictions. Failure to meet the growing market demand for environmentally friendly products could adversely affect our business and competitiveness while damaging our reputation. To address these transition risks, we are continuously advancing the development of green pharmaceutical products characterized by low-carbon features and steadily increasing investments in environmental protection and energy-saving measures. We will continuously monitor evolving climate-related risk trends, regularly assess the effectiveness of risk management measures, and continually refine and optimize our response strategies to ensure foresight and adaptability in navigating climate change challenges.

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Corporate Social Responsibility

We are committed to sharing sustainable value from our business development with all stakeholders. We foster an inclusive workplace environment centered on equality and respect, focusing on employee rights dimensions such as employment management, development and training, compensation and benefits, and occupational health and safety. This empowers employees to achieve value creation and holistic well-being. Simultaneously, we maintain rigorous internal control systems in anti-bribery, anti-corruption, and supply chain management. By optimizing quality control systems and upholding ethical R&D practices, we ensure products meet the highest standards, deeply aligning corporate growth with stakeholder well-being and industry compliance. From standardizing labor practices to safeguarding occupational health and safety, from supply chain compliance management to anti-fraud risk prevention, we comprehensively fulfill our social responsibilities. We strive to synergistically enhance corporate value and social value across the entire operational chain.

Employment Practices

We strictly adhere to the requirements of laws and regulations such as the Labor Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China. We consistently reject all forms of employment discrimination, providing equal career opportunities to individuals from diverse backgrounds and groups. Through standardized management, we ensure compliance and fairness throughout the entire process, from recruitment to labor relations maintenance. We also prioritize building an inclusive workplace ecosystem, responding to reasonable employee requests through regular communication channels. Fairness and respect form the core foundation of our employment culture, fostering a secure and comfortable environment for career development.

The table below presents our employee headcount and proportion by gender and age during the Track Record Period.

Number and Proportion of Employees	As of December 31			As of June 30
	2022	2023	2024	2025
Number of male employees . .	763	559	494	508
Number of female employees	644	487	453	463
Percentage of male employees	54%	53%	52%	52%
Percentage of female employees	46%	47%	48%	48%
Number of employees under 30 years old	594	407	356	334

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Number and Proportion of Employees	As of December 31			As of June 30
	2022	2023	2024	2025
Number of employees aged 31-40	609	462	422	446
Number of employees aged 41-50	164	139	130	146
Number of employees aged 51 and above	40	38	39	45

Development and Training

Based on industry-specific technical characteristics and talent development needs, we have established a systematic growth framework covering the entire career lifecycle of our employees. By integrating diverse training resources, we have created a training matrix that combines professional depth with comprehensive competencies. At the same time, we have built clear career development pathways, enabling employees at different positions and levels to find suitable growth trajectories. This approach ensures alignment between individual capability enhancement and corporate development requirements, empowering employees to realize long-term career value within the biopharmaceutical sector.

The table below presents our employee training performance metrics for the Track Record Period.

Employee Training	As of December 31			As of June 30
	2022	2023	2024	2025
Total Trainees	1016	865	823	951
Frontline employees trained . .	976	825	782	906
Mid-level management employees trained	33	34	35	39
Senior management personnel trained	7	6	6	6

Compensation and Benefits

We enter into Labor Contracts with employees in accordance with the law and strictly comply with national regulations to provide employees with medical insurance, pension insurance, work injury insurance, unemployment insurance and maternity insurance. We also make housing provident fund contributions in accordance with the law to ensure basic welfare protection for employees. In addition, we organize annual physical examinations for

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employees, establish employee health records, and regularly distribute labor protection supplies. At the same time, we actively respond to employee requests, provide holiday benefits, and actively recognize outstanding employees.

Occupational Health and Safety

We regard employee occupational health and safety as the lifeline for our corporate survival and development, and as a crucial foundation for fulfilling social responsibilities and safeguarding the industry ecosystem. We strictly adhere to regulations such as the Occupational Disease Prevention and Control Law of the People’s Republic of China, actively establishing and improving our occupational health and safety management system. We have obtained ISO 45001 international occupational health and safety management system certification. We have developed policies and guidelines covering all aspects of our operations, including R&D, sales and marketing and production, to ensure the safety of our operations and work environments. We also conduct regular occupational hazard factor investigations in accordance with applicable laws and regulations. Furthermore, we implement measures such as quarterly safety meetings, monthly safety campaigns, safety knowledge training, employee occupational health examinations, occupational hazard factor detection, distribution and use of required protective equipment and emergency drills, to enhance employee safety awareness and foster a corporate culture that prioritizes health and safety.

Anti-Bribery and Anti-Corruption

We consistently regard anti-bribery and anti-corruption as core responsibilities for safeguarding business ethics and promoting sustainable industry development. Employees are required to sign an Integrity Commitment Letter upon joining the Company. At the same time, we have established an internal complaint and reporting mechanism, providing dedicated channels including landline phones, mobile numbers, email addresses, and our official website. We disseminate information about our anti-corruption mechanisms and reporting channels internally through new employee orientation training and case studies. Additionally, integrity reminders are distributed to all employees prior to major holidays.

Information Security

We place high priority on information security and strictly adhere to the Cybersecurity Law of the People’s Republic of China. We have established security systems such as the Policy for Information Security Management to standardize and regulate information protection efforts. We deploy data encryption systems to encrypt core data and set up perimeter defenses by deploying industrial firewalls at secure zone boundaries. Perimeter firewalls are deployed at the boundaries between production and office networks, as well as at third-party boundaries. Hosts and network devices are reinforced, with security control systems for industrial control terminals deployed on critical hosts such as database servers and whitelist-based security policies are utilized for security configurations.

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Supply Chain Management

We pay close attention to supply chain performance on resource utilization and environmental impact, prioritizing partners with outstanding practices in environmental performance of materials, clean production processes, and standardized waste management. Suppliers are required to sign the Integrity Cooperation Agreement, and we proactively promote relevant integrity codes and reporting channels for violations with suppliers. For clients, save for signing integrity protocols and agreements, we prod internal staff particularly sales personnel into adhering to client integrity policies.

EMPLOYEE

As of June 30, 2025, we had a total of 971 full-time employees, the majority of whom were located in China. The table below details the full-time employees by function as of the same date:

Functional Category	Number of Employees	Percentage of Total Employees
Sales and marketing	222	22.9%
R&D	150	15.4%
Production	491	50.6%
Administration	108	11.1%
Total	971	100%

Remuneration and Incentives

Our ability to attract, retain and motivate qualified talent is crucial to the sustained development of the Group. To this end, the compensation we offer to our employees includes:

- **Fixed salary:** competitive basic salary;
- **Performance incentives:** bonuses or floating components linked to individual performance and the overall performance of the Group;
- **Long-term incentives:** share incentive plans and other equity-based incentives.

In addition, we offer a diverse range of employee benefits, including medical insurance, regular physical examinations, transportation and meal allowances, employee care (such as barrier-free facilities and nursing rooms), and team-building activities.

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Social Insurance and Housing Provident Fund

During the Track Record Period, we had not received any administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds.

Training and Development

We are fully aware of the importance of continuous learning and professional development, and have established a comprehensive training system:

- **General training:** covering business ethics, anti-corruption, marketing, occupational health and safety, office skills, etc.;
- **Professional training:** customizing courses for different functional positions to meet the skills required by departments and positions;
- **Leadership training:** leadership courses designed for employees at different levels, including learning roadmaps, online courses and practical training with coaches;
- **External training support:** establish a special fund to support employees’ participation in external training, professional certification and on-the-job degree education.

Labor Relations

We believe that maintaining good relationships with employees is the foundation for the stable development of our business. As of the Latest Practical Date:

- Our employees are represented by a trade union;
- We have not experienced any strikes or major labor disputes that have occurred or could potentially have a significant impact on our business.

LEGAL AND COMPLIANCE

Licenses, Permits and Certificates

As of the Latest Practical Date, we had obtained all necessary important licenses, permits, approvals and certificates required for our operations in China, and all such important licenses, permits and approvals were valid.

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The following table sets forth our main licenses, permits, approvals and certificates required for our business operations as of the Latest Practical Date (other than those related to general business requirements).

License/Permit/ Certificate	License/Permit/ Certificate No.	Holder	Issuing Authority	Issuing Date	Expiry Date
Drug Production Permit.	Lu 20200525	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	August 1, 2025	July 31, 2030
Drug Production Permit.	Yue 20160173	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	May 17, 2025	May 15, 2030
Drug Registration Certificate	Guo Yao Zhun Zi Z10960065	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	February 13, 2025	April 12, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20020015	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	February 6, 2025	April 23, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20020014	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	February 6, 2025	April 23, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20227013	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	February 6, 2025	April 23, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20227003	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029

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License/Permit/ Certificate	License/Permit/ Certificate No.	Holder	Issuing Authority	Issuing Date	Expiry Date
Drug Registration Certificate	Guo Yao Zhun Zi S20237002	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20103002	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20113007	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20133002	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20030089	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20237003	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20237001	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20133003	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029

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License/Permit/ Certificate	License/Permit/ Certificate No.	Holder	Issuing Authority	Issuing Date	Expiry Date
Drug Registration Certificate	Guo Yao Zhun Zi S20133020	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20000007	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20000008	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20030083	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	October 25, 2024	October 24, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20010017	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	September 27, 2024	September 26, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20010016	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	September 27, 2024	September 26, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20010015	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	September 27, 2024	September 26, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20103004	the Company	Shandong Municipal Medical Products Administration (山東省藥品監督管 理局)	September 27, 2024	September 26, 2029

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License/Permit/ Certificate	License/Permit/ Certificate No.	Holder	Issuing Authority	Issuing Date	Expiry Date
Drug Registration Certificate	Guo Yao Zhun Zi S10960059	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	March 11, 2025	March 10, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20033039	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	March 13, 2025	March 12, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S10970070	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	March 12, 2025	March 11, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S10960058	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	March 11, 2025	March 10, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20033034	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	March 11, 2025	March 10, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20033035	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	March 12, 2025	March 11, 2030
Drug Registration Certificate	Guo Yao Zhun Zi S20063087	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	December 30, 2024	December 29, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20020059	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	December 30, 2024	December 29, 2029

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License/Permit/ Certificate	License/Permit/ Certificate No.	Holder	Issuing Authority	Issuing Date	Expiry Date
Drug Registration Certificate	Guo Yao Zhun Zi S20020058	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	December 30, 2024	December 29, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20063086	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	December 30, 2024	December 29, 2029
Drug Registration Certificate	Guo Yao Zhun Zi S20063085	Kexing Pharmaceutical	Guangdong Municipal Medical Products Administration (廣東省藥品監督管 理局)	December 30, 2024	December 29, 2029
Drug Registration Certificate	Guo Yao Zhun ZiH20213185	Kexing Pharmaceutical	NMPA	March 16, 2021	March 15, 2026
Certificate for Utilization of Laboratory Animals	SYXK (Lu) 20210033	the Company	Shandong Provincial Department of Science and Technology	March 9, 2022	October 28, 2026

We monitor the validity of relevant licenses, permits, approvals and certificates, and apply for renewal in a timely manner before their expiration dates. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any significant difficulties in obtaining or renewing the licenses, permits, approvals and certificates required for our business operations. We believe that as long as we comply with applicable laws, regulations and rules, there are no significant legal obstacles to renewing these licenses, permits, approvals and certificates upon their expiration dates.

Legal Proceedings

We have been and may from time to time be subject to litigation, arbitration or other legal proceedings, investigations and claims in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any legal, arbitration or administrative proceedings that, individually or collectively, could have a material adverse effect on our business, financial condition or operating results. Nor are we aware of any pending or potential legal, arbitration, or administrative proceedings against us or our Directors that, individually or collectively, could have a material adverse effect on our business, financial condition or operating results.

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Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any non-compliance events that may individually or collectively have a material adverse impact on our business, financial condition and operating results.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are committed to establishing and maintaining a robust risk management system. We have formulated comprehensive risk management policies to identify, assess, and mitigate potential risks that may arise in various aspects of our business operations, including but not limited to: R&D, clinical trials, production, procurement, sales, inventory management, financial reporting, information systems, human resources, legal compliance and corporate governance.

Our key risk management objectives include identifying and analyzing various types of risks, and establishing corresponding mitigation strategies and policies. We regularly review these strategies and policies to respond to regulatory updates, market conditions or operational changes, ensuring their continued relevance and effectiveness. By applying these strategies and policies, we have established a risk management system to identify, assess, monitor and mitigate operational, financial, and legal risks. This system includes specialized policies, guidelines, notices, codes of conduct and employee manuals covering a range of topics.

As part of our risk management system, the audit department leads our daily risk management efforts and receives support from various business units and departments. The audit department regularly reports to the Board of Directors on matters related to risk management. Its responsibilities also include setting the functions and responsibilities of our relevant business units and departments in risk management, and collaborating with our business units and departments to collect data for risk analysis and assessment. As an important component of our risk identification process, each relevant business unit and department collects risk data related to our business after considering our strategic goals and annual business plans. The audit department then reviews such data to develop targeted risk mitigation strategies and measures.

Internal Control

We have established internal control policies and guidelines that clearly define the standards for identifying internal control deficiencies, conducting internal audits and managing subsequent actions. Based on these policies and guidelines, we conduct regular internal audits of all major aspects of our operations. The Audit Committee oversees our internal controls and evaluates their effectiveness. In addition, we have implemented a series of internal control

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measures for employees, business partners or other stakeholders, covering multiple areas such as conflict of interest, insider trading, confidentiality control and business ethics. These measures are designed to ensure comprehensive governance and ethical business practices.

To ensure regulatory compliance, we have implemented policies and procedures related to anti-money laundering, anti-corruption and anti-bribery. Our policies prohibit any form of bribery, corruption or improper payments in our business operations. This prohibition applies to all employees, as well as to all external stakeholders, including customers, suppliers and other third parties involved in our business activities. Prohibited improper payments include bribes, excessive gifts, or any form of valuables or benefits intended to gain improper business advantages. Furthermore, prohibited misconduct includes participating in money laundering schemes, falsifying expenses, engaging in illegal tax evasion or supporting any illegal activities.

The internal control measures we have taken to ensure compliance in these areas include: (i) conducting regular internal audits on business ethics, anti-money laundering, anti-corruption and anti-bribery policies; (ii) regularly organizing compliance training for employees to enhance their awareness of ethical standards and responsibilities; and (iii) maintaining multiple channels for employees to report issues, complaints or suspected illegal activities, including designated compliance email, hotline, and direct reporting to the compliance officer.

We strongly encourage employees, business partners and other stakeholders to report any suspected corruption, bribery, fraud, conflicts of interest, and other potential violations. Our Compliance Office will investigate the report in accordance with internal procedures to assess whether a violation has occurred. Upon completion of the investigation, we will issue a comprehensive report detailing the findings and any necessary corrective actions. Furthermore, we are committed to protecting whistleblowers and their relevant information in accordance with applicable laws and regulations. Unless required by applicable laws or orders or instructions issued by courts or regulatory authorities, the identity of the whistleblower will not be disclosed without their consent.

In addition, in order to comply with applicable sanctions and export control regulations, we have formulated a special compliance policy, which outlines standard operating procedures for risk screening, identification, reporting and assessment, as well as compliance governance organizational methods and inquiry and reporting mechanisms. We have integrated this policy into our business processes, especially when conducting new business and engaging with customers.

We attach great importance to compliance work and have established a three-tier compliance management structure led by the Board of Directors. Our Compliance Management Committee, led by Directors and senior executives, oversees the implementation of our compliance strategies and key policies. The Compliance Office, as our central compliance department, is responsible for coordinating and monitoring our compliance work, providing

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guidance and oversight to all our departments and subsidiaries. The compliance departments at all levels of the Group are responsible for daily compliance management in their respective areas, ensuring compliance with applicable policies and regulations.

Maintaining robust corporate governance is the primary objective of our internal control. To this end, we have adopted policies to comply with the Listing Rules of the Shanghai Stock Exchange and the Stock Exchange, covering aspects such as risk management, connected transactions, financial reporting and information disclosure. We also regularly provide compliance training courses for our senior management and employees, including training on the Listing Rules for our Directors and senior management, as well as targeted compliance training for employees, thereby promoting sound decision-making and compliance with regulatory requirements.

We have appointed an independent internal control consultant (the “**Internal Control Consultant**”) to review the effectiveness of our internal control system. Based on (i) the agreed scope of review and work procedures, (ii) the absence of high-risk issues identified during the review process, and (iii) our remedial measures for all findings as of the Latest Practicable Date, the Internal Control Consultant believed that we had maintained an effective internal control system during the Track Record Period and up to the Latest Practicable Date.

DATA PRIVACY AND PROTECTION

We attach great importance to data security and implement strict internal policies to regulate the collection, processing, storage, retrieval and access of data, thereby promoting the standardization and normalization of information protection workflow, and ensuring compliance with all applicable data protection laws and general industry practices. The collection and use of personal data and corresponding clinical data of the subjects are strictly limited to their consent and are consistent with the informed consent form. In terms of access control, we strictly control the data permissions, page permissions and operation permissions of all employees’ various accounts based on the least privilege principal in accordance with our internal policies. In addition, we require external parties and internal employees participating in clinical trials to comply with confidentiality regulations. We will also organize training from time to time so as to continuously improve our ability in safeguarding data and data privacy protection.

At the same time, our information technology network is equipped with multi-layered protection, by deploying data encryption systems, establishing boundary protection, deploying industrial firewalls at the security zone boundary, and deploying boundary firewalls at the production and office network boundary and third-party boundary. The host and network equipment are reinforced, and the security control system of the industrial control terminal is deployed on key hosts such as database servers, and the security policy based on the whitelist is used for security configuration.

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During the Track Record Period and up to the Latest Practicable Date, we had not had any customer information leakage incidents or other customer information security incidents that may have a material and adverse impact on our business, financial situation or operation performance. We have not been subject to any major penalties for data privacy related matters in the past. Therefore, as advised by our PRC Legal Advisor, we believe that we comply with the laws and regulations of the PRC on network and data security in all major aspects. For details on laws and regulations on data privacy and protection, see “Regulatory Overview — Principal Regulatory Provisions — Regulations on Information Security and Data Privacy” herein.

AWARDS AND RECOGNITION

The table below summarizes the significant awards and recognitions we had received as of the Latest Practical Date:

Year	Awards and Recognitions	Awarding Institution
2023	Specialized, Refined, Distinctive, and Innovative SME (專精特新中小企業) (2023 - 2026)	Shenzhen Small and Medium-sized Enterprise Service Bureau (深圳市中小企業服務局)
2022	Innovative Small and Medium-sized Enterprise (創新型中小企業) (2022 - 2025)	Shenzhen Small and Medium-sized Enterprise Service Bureau (深圳市中小企業服務局)
2025	Shandong Province Specialized, Refined, Distinctive, and Innovative SME (山東省專精特新中小企業)	Department of Industry and Information Technology of Shandong Province (山東省工業和信息化廳)
2025	“One Enterprise, One Technology” R&D Center for Jinan City Industrial Enterprise (濟南市工業企業“一企一技術”研發中心)	Bureau of Industry and Information Technology of Ji’nan City (濟南市工業和信息化局)
From 2021 to 2024	Shandong Province Manufacturing Industry Single Champion Product (EPOSINO) (山東省製造業單項冠軍產品(依普定®))	Department of Industry and Information Technology of Shandong Province (山東省工業和信息化廳)
2024	Shandong Province Manufacturing Industry Single Champion Enterprise (山東省製造業單項冠軍企業)	Department of Industry and Information Technology of Shandong Province (山東省工業和信息化廳)

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Year	Awards and Recognitions	Awarding Institution
2024	2023 National Pharmaceutical Industry Quality Craftmanship Enterprise (2023年度全國醫藥行業質量匠星企業)	China Quality Association for Pharmaceuticals (中國醫藥質量管理協會)
2024	2024 Shandong Provincial Zero-Waste Factory (2024年度山東省省級無廢工廠)	Shandong Provincial Department of Ecology and Environment (山東省生態環境廳)
2024	2024 Shandong Provincial Green Factory (2024年度山東省省級綠色工廠)	Department of Industry and Information Technology of Shandong Province (山東省工業和信息化廳)
2024	Jinan City Key Laboratory for Research and Industrialization of Microecological Products (濟南市微生態製品研發及產業化重點實驗室)	Ji Nan Science & Technology Bureau (濟南市科學技術局)
2023	High-Tech Enterprise (高新技術企業)	Ministry of Science and Technology of the PRC (中華人民共和國科學技術部)
2023	Shandong Province Enterprise Technology Center (山東省企業技術中心)	Shandong Development and Reform Commission (山東省發展與改革委員會)
2023	First-Batch Quality Assurance Enterprise for Sterile Drugs (首批無菌藥品質量保障企業)	China Quality Association for Pharmaceuticals (中國醫藥質量管理協會)
2023	2023 Shandong “Quality Shandong Medicine” Initiative Model Enterprise (2023年度山東省“品質魯藥”建設示範企業)	Shandong Pharmaceutical Profession Association (山東省醫藥行業協會)
2023	Shandong Provincial Engineering Research Center for Protein Pharmaceuticals (蛋白質藥物山東省工程研究中心)	Shandong Development and Reform Commission (山東省發展和改革委員會)
2022	National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)

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Year	Awards and Recognitions	Awarding Institution
2022	Shandong High-end Brand Cultivation Enterprise (山東省高端品牌培育企業)	ShanDong Administration for Market Regulation (山東省市場監督管理局)
2022	2022 Shandong “Quality Shandong Medicine” Initiative Model Enterprise (2022年度山東省“品質魯藥”建設示範單位)	Shandong Pharmaceutical Profession Association (山東省醫藥行業協會)
2020	Guangdong Provincial Engineering Technology Research Center for Genetic Engineering Recombinant Protein Pharmaceuticals (廣東省基因工程重組蛋白藥物工程技術中心)	Department of Science and Technology of Guangdong Province (廣東省科學技術廳)
2020	National Drug Manufacturing Industry Quality Leading Brand (全國製藥行業質量領先品牌)	China Association for Quality Inspection (中國質量檢驗協會)
2020	National Top 100 Benchmark and Model Enterprise for Quality & Integrity (全國百佳質量誠信標桿示範企業)	China Association for Quality Inspection (中國質量檢驗協會)
2020	National Product and Service Quality Integrity Model Enterprise (全國產品和服務質量誠信示範企業)	China Association for Quality Inspection (中國質量檢驗協會)

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You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants’ Report in Appendix I, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards (“IFRS”).

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” and “Business.”

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are an innovation-driven biopharmaceutical company with international reach, specializing in the R&D, manufacturing and commercialization of recombinant proteins, antibodies and targeted-delivery therapies. We strategically focus on key therapeutic areas — principally oncology and autoimmune diseases — where significant unmet clinical needs persist. We have built a differentiated portfolio of commercialized products and drug candidates through independent innovation and strategic partnerships, advancing therapies with distinct clinical and market advantages. Guided by our dual-engine strategy of “Innovation + Internationalization,” we are committed to becoming a global leader in high-quality biopharmaceuticals and to bringing more innovative medicines and breakthrough therapies to patients worldwide.

Our tiered and progressively evolving product matrix consists of proprietary commercialized products, pipeline candidates, and in-licensed products. Proprietary commercialized products form the cornerstone of our business, providing a solid foundation for sustainable growth; the advancing pipeline builds long-term technical competitiveness; and in-licensed products enhance portfolio diversity and contribute to rapid revenue generation. We believe this portfolio strikes a balance between near-term commercialization and long-term sustainability.

In 2022, 2023, 2024, and for the six months ended June 30, 2025, we recorded revenue of RMB1,315.9 million, RMB1,259.0 million, RMB1,406.9 million and RMB700.5 million, respectively. For the six months ended June 30, 2024, our sales relating to pharmaceutical products generated from overseas sales accounted for 11.9% of our total revenue relating to pharmaceutical products. Following our commencement of overseas sales of Apexelsin® in the European Union in the third quarter of 2024, our sales relating to pharmaceutical products generated from overseas sales accounted for 25.9% of our total revenue relating to pharmaceutical products for the six months ended June 30, 2025.

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BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. We have early adopted all IFRS effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, in the preparation of our historical financial information throughout the Track Record Period. Our historical financial information has been prepared under the historical cost basis except for certain financial assets which have been measured at fair value. Our historical financial statements are presented in Renminbi and all values are rounded to the nearest thousand except otherwise indicated.

In the application of our accounting policies, we are required to make judgments, estimates and assumptions. 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 ongoing 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 revision affects both current and future periods. Judgments made by our management in the application of IFRS that have significant effect on the financial statements and major sources of estimation uncertainty are stated in Note 4 to the Accountants’ Report in Appendix I.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Market Demand for Our Products in China and Overseas Markets

The majority of our revenue is generated in China, making the demand for our products in China closely related to our performance. In 2022, 2023, 2024, and the six months ended June 30, 2025, sales revenue from China accounted for 87.7%, 89.0%, 84.0% and 74.1% of our total revenue relating to pharmaceutical products, respectively. Leveraging 30 years of commercialization experience, we have established a nationwide marketing network and channel resources. Our key products have secured a strong market position and brand advantage, with SINOGEN (赛若金®) Human Interferon α 1b for Injection and EPOSINO (依普定®) Human Erythropoietin Injection ranking among the top in their respective domestic market segments. Based on our existing product portfolio and R&D pipeline, we believe our products hold a competitive edge in China’s pharmaceutical market. Several factors influence the domestic market demand for our products, including consumer awareness of our brands and products, the reimbursement coverage under the medical insurance catalogue and centralized procurement prices for our products, distributor sales performance, the success of marketing campaigns, changes in healthcare expenditure levels, and shifts in China’s regulatory environment.

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During the Track Record Period, our revenue relating to pharmaceutical products generated from overseas sales decreased by 14.0% in 2023 as compared with 2022, increased by 61.6% in 2024 as compared with 2023, and increased by 96.3% for the six months ended June 30, 2025 as compared with the six months ended June 30, 2024. Notwithstanding the decrease in 2023, our revenue relating to pharmaceutical products generated from overseas sales recorded significant growth in 2024 and the six months ended June 30, 2025, primarily attributable to the successful execution of our overseas commercialization strategy. With over 20 years of overseas commercialization experience, we have secured the overseas commercialization rights for 27 products. Our sales network now covers more than 70 countries and regions, including the EU, Brazil, Egypt, the Philippines and Indonesia. Moving forward, we plan to continue expanding our overseas sales network in Europe and emerging markets and achieve localized operations in key countries. This depends on our understanding of local pharmaceutical markets and consumer needs, the implementation of localized operations, and collaboration with distributors and channel resources.

Continuously Strengthening Product Research and Development and Achieving Overseas Commercialization Capabilities

Innovative drug research and development (“R&D”) is the core engine of our long-term growth, with its efficiency directly determining future market competitiveness and profitability. Therefore, continuously developing new drugs and successfully commercializing them is critical to achieving business growth. We possess a broad portfolio of commercialized products and a future product pipeline across rapidly growing therapeutic areas, including oncology, autoimmune diseases and degenerative diseases. As of the Latest Practicable Date, this portfolio included nine commercialized products and 15 product candidates. Among our product candidates, two were in Phase III clinical trial stage, three were in Phase II or Phase I clinical trial stage, and 10 product candidates were in preclinical stage. For a list of our key product candidates, see “Business — Our Products and Product Candidates.”

We have a comprehensive biopharmaceutical R&D system, with full-process development capabilities spanning from drug discovery, pharmaceutical research, preclinical studies, clinical trials to commercialization. Our performance growth will depend on the successful development of our product candidates, which hinges on whether clinical trial results of product candidates demonstrate safety and efficacy, whether regulatory approvals are obtained to initiate clinical trials or advance to the next clinical development phase, and the rational allocation of internal resources. Additionally, overseas markets represent a key growth area for the future.

Thus, the ability to rapidly commercialize our products is also a critical factor in determining our operational performance. Overseas commercialization capabilities depend on numerous factors, including obtaining approvals in major markets, sufficient production capacity, the ability to implement localized operations, the ability to expand overseas sales channels, and the ability to gain recognition from relevant market participants such as doctors and patients. These capabilities are subject to a range of risks and uncertainties, many of which are beyond our control.

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Ability to Include Products in the Medical Insurance Catalogue and Compete in Centralized Procurement

The market acceptance and sales volume of our products largely depend on their ability to be included in the medical insurance catalogue and win bids in centralized procurement. According to China’s public health policies, patients are entitled to reimbursement for all or part of the costs of drugs listed in the national, provincial or local medical insurance catalogue according to specific plans. Although the pricing of these drugs will be subject to regulatory restrictions, inclusion in the medical insurance catalogue typically significantly increases their demand and sales volume. During the Track Record Period, our major commercialized products — SINOGEN (赛若金®) Human Interferon α 1b for Injection, EPOSINO (依普定®) Human Erythropoietin Injection, and WHITE-C (白特喜®) Human Granulocyte Colony-stimulating Factor Injection — were all included in the NRDL. We believe our future products to be launched may also be eligible for inclusion in the NRDL, which would continue to support our business expansion. In addition, in 2022, 2023, 2024 and for the six months ended June 30, 2025, our pharmaceutical products that had been included in the NRDL as at the end of each year/period contributed 89.5%, 87.2%, 89.3% and 84.4% of our total revenue relating to pharmaceutical products generated from domestic sales for the respective periods.

In China, public medical institutions are required to conduct centralized bidding for drugs listed in the NRDL. Winning products will be sold to public medical institutions at the bid price, which is the primary determinant of the price at which we sell our products to distributors. This process may exert downward pressure on the pricing of our products. In addition, the VBP scheme, aimed at reducing drug prices through bulk purchases, could also create downward pressure on the prices at which we sell products to distributors. During the Track Record Period, as the scope of centralized procurement expanded, our revenue generated through sales of pharmaceutical products subject to the centralized procurement increased accordingly.

Therefore, our profitability largely depends on whether our products can be included in medical insurance catalogue and the impact of centralized procurement on our bid price. For details, see “Risk Factors — Risks Related to Our Business and Industry — Risks Relating to Market and Commercialization — Certain of our products are subject to price regulation or other policies aimed at reducing healthcare costs.”

Existing and Future Collaboration and Licensing Arrangements

By collaborating with domestic and international biotech companies, acquiring overseas commercialization rights for key drugs, and swiftly achieving overseas registration, we have established an essential business model that drives our performance growth. As of the Latest Practicable Date, we had entered into licensing agreements with 24 biopharmaceutical companies, acquiring overseas commercialization rights for 27 products, of which 24 were exclusive.

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Beyond expanding our product pipeline, our existing and future collaboration and licensing arrangements will also have a direct impact on our financial performance. Such licensing agreements typically involve upfront payments, milestone payments, and revenue sharing based on sales. Therefore, the specific terms and execution of such agreements will affect our revenue recognition, R&D investments and cost of revenue. Meanwhile, our ability to successfully register and filing our licensed products in the relevant territories will directly determine whether we can achieve product launch and sales returns within the expected timeframe. If collaborations proceed smoothly, we can more rapidly expand our product candidate and marketed product portfolio, increase market share, and establish sustainable revenue streams. Conversely, if collaborations fall short of expectations or future licensing arrangements fail to materialize as planned, it may lead to fluctuations in our performance.

Moreover, collaboration and licensing agreements are typically complex, covering various terms such as the scope of intellectual property usage, sublicensing arrangements, ownership of results and financial obligations. Our ability to fulfill these agreements and maintain stable relationships with partners will significantly influence our ability to sustain ongoing rights to core products and competitive advantages in the market. Failure to maintain or expand these collaborations on commercially reasonable terms may limit our future product development and commercialization processes, which may adversely affect our operating performance.

Ability to Effectively Control Costs and Expenses

Our operating performance is influenced by our ability to control costs and optimize expenses. During the Track Record Period, our operating expenses primarily included cost of revenue, marketing expenses and R&D expenses. Leveraging over 30 years of development experience, we have established comprehensive capabilities spanning R&D, production, registration and sales, which enables us to develop drugs and achieve commercialization in a cost-effective manner. In 2022, 2023, 2024, and the six months ended June 30, 2025, our cost of revenue was RMB324.2 million, RMB367.8 million, RMB440.5 million and RMB255.3 million, respectively.

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Selling expenses are a significant component of our operating expenses. We adopt a distribution-focused, direct sales-supplemented model, collaborate with high-quality national and regional leading pharmaceutical distribution companies to handle product sales and delivery, establishing a marketing network covering approximately 20,000 terminals of various types. Overseas, we also employ both direct sales and distribution models for export sales, currently achieving market access or sales in over 70 countries and regions. In 2022, 2023, 2024, and the six months ended June 30, 2025, our selling expenses accounted for 62.9%, 54.7%, 42.4% and 36.4% of our revenue for the respective periods. In addition, to continuously strengthen the R&D of product candidates, we will invest in cost-effective R&D activities and improve R&D efficiency to lay a solid foundation for future performance growth.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTANTING ESTIMATES AND JUDGMENTS ESTIMATES

We have identified various accounting policies that are significant to the preparation of our historical financial information. These significant accounting policies are essential for understanding our financial conditions and results of operations which are disclosed in Note 3.2 to the Accountants’ Report in Appendix I. In the application of our accounting policies, our Directors are required to make judgements, estimates and assumptions that affect our revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates can result in outcomes that could require a material adjustment to our revenues, expenses, assets or liabilities in the future. The estimates and underlying assumptions are reviewed by our management 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. We did not change our assumptions or estimates during the Track Record Period and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future.

The key assumptions concerning the future and other key sources to estimate uncertainty as at the end of each period, that have a significant risk of causing a material adjustment to the carrying amounts of our assets and liabilities within the next financial year, are set out in Note 4 to the Accountants’ Report in Appendix I.

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RESULT OF OPERATIONS

The following table sets forth our selected consolidated statements of profit or loss other comprehensive income for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Revenue	1,315,876	100.0	1,259,036	100.0	1,406,925	100.0	759,895	100.0	700,465	100.0
Cost of revenue	(324,164)	(24.6)	(367,752)	(29.2)	(440,527)	(31.3)	(217,468)	(28.6)	(255,257)	(36.4)
Gross profit	991,712	75.4	891,284	70.8	966,398	68.7	542,427	71.4	445,208	63.6
Other income	5,210	0.4	9,556	0.8	25,926	1.8	4,315	0.6	17,855	2.5
Other gains and losses, net . .	6,470	0.5	9,121	0.7	(18,909)	(1.3)	(9,046)	(1.2)	31,473	4.5
Selling expenses	(827,734)	(62.9)	(689,290)	(54.7)	(596,765)	(42.4)	(334,860)	(44.1)	(254,953)	(36.4)
Research and development expenses	(193,297)	(14.7)	(344,797)	(27.4)	(168,050)	(11.9)	(80,326)	(10.6)	(81,663)	(11.7)
Administrative and other operating expenses	(96,263)	(7.3)	(101,849)	(8.1)	(104,890)	(7.5)	(54,569)	(7.2)	(52,194)	(7.5)
(Provision)/Reversal of provision for impairment of assets, net	(2,120)	(0.2)	366	0.0	(5,278)	(0.4)	(6,217)	(0.8)	(1,508)	(0.2)
Finance costs, net	(23,042)	(1.8)	(34,483)	(2.7)	(41,439)	(2.9)	(19,731)	(2.6)	(20,055)	(2.9)
Share of result of an associate	–	–	23	0.0	(91)	(0.0)	(14)	(0.0)	(33)	(0.0)
(Loss)/Profit before income tax	(139,064)	(10.6)	(260,069)	(20.7)	56,902	4.0	41,979	5.5	84,130	12.0
Income tax credit/(expense) .	46,240	3.5	64,583	5.1	(29,854)	(2.1)	(32,518)	(4.3)	(5,166)	(0.7)
(Loss)/Profit for the year/period	(92,824)	(7.1)	(195,486)	(15.5)	27,048	1.9	9,461	1.2	78,964	11.3
attributable to:										
Owners of the Company . . .	(90,295)	(6.9)	(190,290)	(15.1)	31,480	2.3	11,877	1.6	80,346	11.5
Non-controlling interests . . .	(2,529)	(0.2)	(5,196)	(0.4)	(4,432)	(0.3)	(2,416)	(0.3)	(1,382)	(0.2)
Other comprehensive (loss)/income for the year/period, net of tax . . .	–	–	(6)	(0.0)	1,120	0.1	345	0.0	(26)	(0.0)
Total comprehensive (loss)/income for the year/period	(92,824)	(7.1)	(195,492)	(15.5)	28,168	2.0	9,806	1.3	78,938	11.3
attributable to:										
Owners of the Company . . .	(90,295)	(6.9)	(190,296)	(15.1)	32,600	2.3	12,222	1.6	80,320	11.5
Non-controlling interests . . .	(2,529)	(0.2)	(5,196)	(0.4)	(4,432)	(0.3)	(2,416)	(0.3)	(1,382)	(0.2)

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NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We define EBITDA (non-IFRS measure) as (loss)/profit for the year/period adjusted by (i) finance income, (ii) finance costs, (iii) depreciation and amortization, and (iv) income tax (credits)/expenses. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain non-operating items.

We believe that this non-IFRS measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) to (loss)/profit for the year/period in respect of the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
(Loss)/Profit for the year/period	(92,824)	(195,486)	27,048	9,461	78,964
Adjustments:					
Finance income	(7,312)	(6,643)	(3,627)	(2,112)	(1,473)
Finance costs	30,354	41,126	45,066	21,843	21,528
Depreciation and amortization	80,938	99,191	104,162	50,307	55,325
Income tax (credit)/expense . . .	(46,240)	(64,583)	29,854	32,518	5,166
EBITDA (non-IFRS measure)	(35,084)	(126,395)	202,503	112,017	159,510

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DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue primarily from the sale of our pharmaceutical products and provision of pharmaceutical promoting services. Our other revenue primarily includes revenue from sales of other products, provision of technical services and rental income.

The following table sets forth our revenue components, in absolute amounts and as a percentage of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Revenue relating to										
pharmaceutical products . . .	1,313,916	99.9	1,255,794	99.7	1,401,119	99.6	757,953	99.7	682,119	97.4
Others	1,960	0.1	3,242	0.3	5,806	0.4	1,942	0.3	18,346	2.6
Total	1,315,876	100.0	1,259,036	100.0	1,406,925	100.0	759,895	100.0	700,465	100.0

The following table sets forth a breakdown of our revenue relating to pharmaceutical products by major therapeutic areas and other sources, in absolute amounts and as a percentage of our total revenue relating to pharmaceutical products, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Hematology	721,539	54.9	608,062	48.3	653,997	46.7	349,964	46.1	268,712	39.4
Oncology and immunology . .	193,995	14.8	192,811	15.4	296,468	21.2	126,991	16.8	204,318	30.0
Antiviral	276,123	21.0	312,119	24.9	318,006	22.7	211,899	28.0	130,501	19.1
Gastrointestinal diseases . . .	122,153	9.3	142,802	11.4	125,056	8.9	67,821	8.9	77,722	11.4
Others ⁽¹⁾	106	0.0	0	0.0	7,592	0.5	1,278	0.2	866	0.1
Revenue relating to										
pharmaceutical products . .	1,313,916	100.0	1,255,794	100.0	1,401,119	100.0	757,953	100.0	682,119	100.0

Note:

- (1) Primarily includes revenue from sales of pharmaceutical products in other therapeutic areas and medical devices.

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The following table sets forth a breakdown of our revenue relating to pharmaceutical products by customer location, in absolute amounts and as a percentage of our total revenue relating to pharmaceutical products, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Domestic sales	1,152,910	87.7	1,117,314	89.0	1,177,296	84.0	667,858	88.1	505,224	74.1
Overseas sales	161,006	12.3	138,480	11.0	223,823	16.0	90,095	11.9	176,895	25.9
Revenue relating to pharmaceutical products .	1,313,916	100.0	1,255,794	100.0	1,401,119	100.0	757,953	100.0	682,119	100.0

Cost of Revenue

Our cost of revenue consists of (i) raw materials costs; (ii) labor costs; (iii) indirect costs, primarily include manufacturing overhead, sales-based royalties payable, and promotional service costs in connection with the provision of pharmaceutical promoting services; and (iv) other miscellaneous costs. The following table sets forth a breakdown of our cost of revenue by nature, in absolute amounts and as a percentage of total cost of revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Material costs	154,701	47.7	154,748	42.1	187,350	42.5	94,902	43.6	103,876	40.7
Labor costs	29,506	9.1	27,719	7.5	30,279	6.9	15,982	7.3	15,959	6.3
Indirect costs	130,094	40.1	175,484	47.7	212,296	48.2	101,066	46.5	127,868	50.1
Other costs	9,863	3.1	9,801	2.7	10,602	2.4	5,518	2.6	7,554	2.9
Total	324,164	100.0	367,752	100.0	440,527	100.0	217,468	100.0	255,257	100.0

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue, and our gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB991.7 million, RMB891.3 million, and RMB966.4 million in 2022, 2023 and 2024, respectively. For the six months ended June 30, 2024 and 2025, our gross profit was RMB542.4 million and RMB445.2 million, respectively. Our gross profit margin was 75.4%, 70.8%, and 68.7% in 2022, 2023 and 2024, respectively. For the six months ended June 30, 2024 and 2025, our gross profit margin was 71.4% and 63.6%, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our gross profit and gross profit margin for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)		(unaudited)	
Revenue relating to										
pharmaceutical products . .	990,479	75.4	889,704	70.8	964,479	68.8	541,379	71.4	442,976	64.9
Others	1,233	62.9	1,580	48.7	1,919	33.1	1,048	54.0	2,232	12.2
Total	991,712	75.4	891,284	70.8	966,398	68.7	542,427	71.4	445,208	63.6

The following table sets forth a breakdown of our gross profit and gross profit margin relating to our pharmaceutical products by major therapeutic areas and other sources for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)		(unaudited)	
Hematology	514,061	71.2	417,301	68.6	438,373	67.0	231,674	66.2	173,420	64.5
Oncology and immunology . .	148,470	76.5	101,725	52.8	162,476	54.8	75,972	59.8	104,769	51.3
Antiviral	229,082	83.0	254,752	81.6	259,189	81.5	177,935	84.0	100,756	77.2
Gastrointestinal diseases . . .	98,870	80.9	115,926	81.2	101,081	80.8	55,327	81.6	63,200	81.3
Others ⁽¹⁾	(4)	(3.8)	0	0.0	3,360	44.3	471	36.9	831	96.0
Revenue relating to										
pharmaceutical products .	990,479	75.4	889,704	70.8	964,479	68.8	541,379	71.4	442,976	64.9

Note:

- (1) Primarily includes revenue from sales of pharmaceutical products in other therapeutic areas and medical devices.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our gross profit and gross profit margin relating to pharmaceutical products sold to domestic customers and overseas customers for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)		(unaudited)	
Domestic sales	917,944	79.6	820,184	73.4	852,750	72.4	498,126	74.6	359,977	71.3
Overseas sales	72,535	45.1	69,520	50.2	111,729	49.9	43,253	48.0	82,999	46.9
Revenue relating to pharmaceutical products .	990,479	75.4	889,704	70.8	964,479	68.8	541,379	71.4	442,976	64.9

Other Income and Other Gains and Losses

Our other income consists of: (i) government grants, (ii) gain on disposal of a subsidiary, and (iii) other miscellaneous income.

Our other gains and losses primarily consist of (i) foreign exchange gains, primarily related to our bank balances and account receivables dominated in foreign currencies; (ii) net fair value (losses)/gains on financial assets at fair value through profit or loss (“FVTPL”); (iii) net (losses)/gains on disposal and written-off of property, plant and equipment, primarily related to disposal and written-off of property, plant and equipment that were no longer used in our operations.

The following table sets forth a breakdown of our other income and other gains and losses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Other income					
Government grants . .	4,938	8,617	25,534	3,989	2,103
Gain on disposal of a subsidiary	—	—	—	—	15,274
Other miscellaneous income	272	939	392	326	478
Total other income . .	5,210	9,556	25,926	4,315	17,855

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	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Other gains and losses, net					
Foreign exchange gains, net	6,946	3,294	745	788	7,966
Unrealized fair value changes on financial assets at FVTPL, net	(5,351)	239	(29,189)	(13,850)	15,617
Realized fair value changes on financial assets at FVTPL, net	3,828	6,911	9,630	4,008	8,118
Gain/(Loss) on disposal of property, plant and equipment, net	250	(1)	77	101	(115)
Gain on early termination of leases	1,213	282	—	—	—
Written-off of property, plant and equipment	(416)	(1,604)	(172)	(93)	(113)
Total other gains and losses, net . . .	6,470	9,121	(18,909)	(9,046)	31,473

Selling Expenses

Our selling expenses consist of: (i) marketing expenses, which primarily consist of the expenses associated with various marketing and promotion activities; (ii) labor costs, mainly represent salaries of our sales and marketing staff, share-based compensation and other benefits; (iii) depreciation and amortization related to property, plant and equipment, right of use assets and intangible assets; (iv) travel and conference expenses, primarily traveling expenses of our marketing staff and conference expenses; and (v) others, primarily consisting of office expenses and certain other expenses that are directly related to our marketing and promotion activities. The following table sets forth a breakdown of our selling expenses for the periods indicated:

FINANCIAL INFORMATION

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i> (<i>unaudited</i>)
Marketing expenses . .	719,941	581,124	482,787	282,878	204,599
Labor costs	81,576	72,843	78,349	34,663	32,154
Depreciation and amortization	14,163	19,415	18,797	8,756	11,022
Travel and conference expenses	8,312	11,908	12,330	6,470	4,335
Others	3,742	4,000	4,502	2,093	2,843
Total	827,734	689,290	596,765	334,860	254,953

Research and Development Expenses

Our research and development expenses consist of: (i) clinical and experimental expenses associated with our development of product candidates; (ii) labor costs, primarily consisting of salaries, share-based compensation, and other benefits for our research and development personnel; (iii) cost of materials and fuel used in our research and development activities; (iv) depreciation and amortization of property, plant and equipment and right-of-use assets used in our research and development activities; (v) others, including research and development related miscellaneous expenses. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i> (<i>unaudited</i>)
Clinical and experimental expenses	61,579	196,279	39,573	15,417	22,697
Labor costs	61,174	55,392	45,170	23,196	22,708
Cost of materials and fuels	38,510	48,647	45,531	20,634	19,811
Depreciation and amortization	21,384	28,990	27,320	14,881	12,020
Others	10,650	15,489	10,456	6,198	4,427
Total	193,297	344,797	168,050	80,326	81,663

FINANCIAL INFORMATION

Administrative and Other Operating Expenses

Our administrative and other operating expenses consist of: (i) labor costs, primarily consisting of salaries, share-based compensation, and other benefits for our managerial and administrative staff; (ii) travel, office and general operating expenses related to our managerial and administrative staff; (iii) depreciation and amortization of property, plant and equipment and right of use assets; (iv) service expenses related to consulting, professional services; (v) taxes and surcharges; and (vi) others, which primarily include materials consumption, bank charges and other expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Labor costs	41,053	41,914	48,062	23,079	22,693
Travel, office and general operating expenses	14,283	7,511	5,370	3,197	3,177
Depreciation and amortization	14,280	16,242	12,378	6,479	7,853
Service expenses	13,676	14,071	12,136	7,192	5,967
Taxes and surcharges .	9,914	14,269	18,805	12,254	9,836
Others	3,057	7,842	8,139	2,368	2,668
Total	96,263	101,849	104,890	54,569	52,194

Finance Costs, Net

Our finance income represents bank interest income. Our finance costs consist of the interest accrued on our borrowings, bills receivable and lease liabilities. The following table sets forth a breakdown of our finance income and costs for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Finance income:					
Interest income	7,312	6,643	3,627	2,112	1,473
Finance costs:					
Interest charges on:					
– bank borrowings .	(34,672)	(44,021)	(44,526)	(22,172)	(20,635)
– bills receivable . .	(1,650)	(406)	(214)	–	(358)
– lease liabilities . .	(2,397)	(1,585)	(1,281)	(602)	(554)
Less: interest capitalized	8,365	4,886	955	931	19
Total	(23,042)	(34,483)	(41,439)	(19,731)	(20,055)

FINANCIAL INFORMATION

Share of Result of an Associate

Our share of result in associated companies during the Track Record Period was primarily attributable to our investments in Shaanxi Mingkun Musk Deer Industry Science and Technology Co., Ltd. (陝西名坤麝業科技有限公司). In 2023, we recorded share of profits of an associate of RMB23 thousand. In 2024 and for the six months ended June 30, 2024 and 2025, we recorded share of losses of an associate of RMB91 thousand, RMB14 thousand, and RMB33 thousand, respectively.

Income Tax Credits/(Expenses)

Our income tax credits/(expenses) consist of current income tax and deferred income tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. The following table sets forth a breakdown of our income tax credits/(expenses) for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Current income tax . .	(1,086)	(5,729)	(17,105)	(15,737)	(2,895)
Deferred income tax .	47,326	70,312	(12,749)	(16,781)	(2,271)
Total	46,240	64,583	(29,854)	(32,518)	(5,166)

Our income tax primarily consists of enterprise income tax charged on our Group and deferred tax expenses arising from the temporary difference 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. For the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, we had a total income tax credit of RMB46.2 million, a total income tax credit of RMB64.6 million, a total income tax expense of RMB29.9 million, a total income tax expense of RMB32.5 million and a total income tax expense of RMB5.2 million, respectively.

The provision for PRC enterprise income tax is based on the statutory rate of 25% of the assessable profits of PRC companies as determined in accordance with the EIT Law which became effective on January 1, 2008. The EIT Law imposes a unified enterprise income tax rate of 25% on all domestic and foreign invested enterprises unless they are qualified for preferential tax treatments. Under the EIT Law and its implementation rules, the Company passed the renewal review for HNTE on August 17, 2020 and December 7, 2023, and therefore enjoyed a preferential tax rate of 15% during the Track Record Period. Such qualification will expire on December 7, 2026, subject to renewal upon review and approval by the relevant government authorities. One of our subsidiaries, Kexing Pharmaceutical, was also qualified as a HNTE during the Track Record Period and accordingly also enjoyed a preferential tax rate of 15% during the Track Record Period.

FINANCIAL INFORMATION

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Revenue

Our revenue decreased by 7.8% from RMB759.9 million in the six months ended June 30, 2024 to RMB700.5 million in the six months ended June 30, 2025, primarily attributable to a decrease from RMB667.9 million to RMB505.2 million in the revenue relating to pharmaceutical products in China, partially offset by a significant increase in the revenue relating to the sales of pharmaceutical products generated from overseas sales. The decrease in our revenue relating to pharmaceutical products in China was primarily due to the impact of China’s VBP scheme. The increase in the overseas sales was mainly driven by our sales of Apexelsin® in Europe, which began in the third quarter of 2024.

Cost of Revenue

Our cost of revenue increased by 17.4% from RMB217.5 million in the six months ended June 30, 2024 to RMB255.3 million in the six months ended June 30, 2025, primarily attributable to a change in sales composition. Our revenue relating to pharmaceutical products generated from overseas sales increased from 11.9% to 25.9% of our total revenue relating to pharmaceutical products during the period, and overseas sales carry lower gross profit margins than domestic sales, which resulted in the increase in cost of revenue.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 17.9% from RMB542.4 million in the six months ended June 30, 2024 to RMB445.2 million in the six months ended June 30, 2025. Our gross profit margin decreased from 71.4% in the six months ended June 30, 2024 to 63.6% in the six months ended June 30, 2025, primarily due to (i) continued pricing pressure under the VBP scheme in China, which led to a decline in domestic sales price of our pharmaceutical products; and (ii) a proportional increase in revenue relating to pharmaceutical products generated from overseas sales, which generally carry lower gross profit margins compared with domestic sales.

Other Income

Our other income increased by 313.8% from RMB4.3 million in the six months ended June 30, 2024 to RMB17.9 million in the six months ended June 30, 2025, primarily attributable to the gain on disposal of our subsidiary Shenzhen Jiatong Pharmaceutical Co., Ltd. (formerly known as Shenzhen Tongan Pharmaceutical Co., Ltd.) for an amount of RMB15.3 million.

FINANCIAL INFORMATION

Other Gains and Losses, Net

We recorded other losses of RMB9.0 million in the six months ended June 30, 2024 and other gains of RMB31.5 million in the six months ended June 30, 2025, primarily due to the change from a RMB13.9 million of unrealized net fair value loss on financial assets at FVTPL to a RMB15.6 million of unrealized net fair value gains on financial assets at FVTPL.

Selling Expenses

Our selling expenses decreased by 23.9% from RMB334.9 million in the six months ended June 30, 2024 to RMB255.0 million in the six months ended June 30, 2025, primarily attributable to a decrease in marketing expenses from RMB282.9 million to RMB204.6 million in the same periods. This is mainly because of (i) our cost control and marketing optimization initiatives in response to the VBP scheme, including streamlined promotional activities and reduced spending and (ii) the increased proportion of overseas revenue, which typically has lower selling expenses than our domestic sales.

Research and Development Expenses

Our research and development expenses remained relatively stable, increased by 1.7% from RMB80.3 million in the six months ended June 30, 2024 to RMB81.7 million in the six months ended June 30, 2025.

Administrative and Other Operating Expenses

Our administrative and other operating expenses remained relatively stable, decreased by 4.4% from RMB54.6 million in the six months ended June 30, 2024 to RMB52.2 million in the six months ended June 30, 2025.

(Provision)/Reversal of Provision for Impairment of Assets, Net

We had provision for impairment of assets of RMB6.2 million in the six months ended June 30, 2024 and RMB1.5 million in the six months ended June 30, 2025, primarily attributable to the fact that the increase in our trade receivables during the six months ended June 30, 2024, outpaced the increase during the six months ended June 30, 2025.

Finance Costs, Net

Our finance costs, net remained relatively stable, increased by 1.6% from RMB19.7 million in the six months ended June 30, 2024 to RMB20.1 million in the six months ended June 30, 2025.

FINANCIAL INFORMATION

Share of Result of an Associate

Our share of loss of an associate increased by 135.7% from RMB14 thousand in the six months ended June 30, 2024 to RMB33 thousand in the six months ended June 30, 2025, primarily due to increased operating losses incurred by our associate Shaanxi Mingkun Musk Deer Industry Science and Technology Co., Ltd. (陝西名坤麝業科技有限公司).

Income Tax Credit/(Expense)

Our income tax expense decreased by 84.1% from RMB32.5 million in the six months ended June 30, 2024 to RMB5.2 million in the six months ended June 30, 2025, primarily due to the impact of settlement of taxes from prior years in the six months ended June 30, 2024.

(Loss)/Profit for the Period

As a result of the foregoing, our profit for the period increased significantly from RMB9.5 million in the six months ended June 30, 2024 to RMB79.0 million in six months ended June 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 11.7% from RMB1,259.0 million in 2023 to RMB1,406.9 million in 2024. This increase was primarily attributable to (i) stable domestic sales; and (ii) increase in our revenue relating to pharmaceutical products generated from overseas sales from RMB138.5 million to RMB223.8 million reflecting an increase of RMB85.3 million in our revenue relating to pharmaceutical products generated from overseas sales, mainly driven by higher sales of Apexelsin[®] in the European Union.

Cost of Revenue

Our cost of revenue increased by 19.8% from RMB367.8 million in 2023 to RMB440.5 million in 2024. This increase was primarily attributable to increased costs in line with our sales growth.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of revenue described above, our gross profit increased by 8.4% from RMB891.3 million in 2023 to RMB966.4 million in 2024. Our gross profit margin remained relatively steady at 70.8% in 2023 and 68.7% in 2024.

FINANCIAL INFORMATION

Other Income

Our other income increased by 171.3% from RMB9.6 million in 2023 to RMB25.9 million in 2024, primarily attributable to an increase in government grants recognized in 2024.

Other Gains and Losses, Net

We recorded other gains of RMB9.1 million in 2023 and other losses of RMB18.9 million in 2024, primarily attributable to the net fair value losses on financial assets at FVTPL.

Selling Expenses

Our selling expenses decreased by 13.4% from RMB689.3 million in 2023 to RMB596.8 million in 2024, primarily attributable to (i) reduction in our sales activities and selling costs due to China’s VBP scheme; (ii) our cost control and marketing optimization initiatives, including streamlined promotional activities and reduced spending; and (iii) the increased proportion of overseas revenue, which typically has lower selling expenses compared with our domestic sales.

Research and Development Expenses

Our research and development expenses decreased by 51.3% from RMB344.8 million in 2023 to RMB168.1 million in 2024, primarily attributable to the completion of patient enrollment for the Phase III clinical trial of a certain research and development project in 2023, which led to the recognition of substantial research and development expenses during the year.

Administrative and Other Operating Expenses

Our administrative and other operating expenses remained relatively stable, increased by 3.0% from RMB101.8 million in 2023 to RMB104.9 million in 2024.

(Provision)/Reversal of Provision for Impairment of Assets, Net

We had reversal of provision for impairment of assets in the amount of RMB0.4 million in 2023 and we had provision for impairment of assets in the amount of RMB5.3 million in 2024, primarily attributable to an increased trade receivables balance in 2024, which led to increased expected credit loss allowances.

Finance Costs, Net

Our finance costs, net increased by 20.2% from RMB34.5 million in 2023 to RMB41.4 million in 2024, primarily attributable to (i) a decrease of RMB3.9 million in interest capitalized; and (ii) a decrease of RMB3.0 million in interest income.

FINANCIAL INFORMATION

Share of Result of an Associate

Our share of result of an associate was a profit of RMB23 thousand in 2023 and a loss of RMB91 thousand in 2024, primarily due to the operating losses incurred by our associate Shaanxi Mingkun Musk Deer Industry Science and Technology Co., Ltd. (陝西名坤麝業科技有限公司).

Income Tax Credits/(Expenses)

We had a total income tax credit of RMB64.6 million in 2023 and a total income tax expense of RMB29.9 million in 2024, primarily due to significant research and development expenses in 2023 led to the recognition of deferred tax assets and a higher deferred tax credit.

(Loss)/Profit for the Year

Our profit for the year changed from a loss for the year of RMB195.5 million in 2023 to a profit for the year of RMB27.0 million in 2024 primarily due to (i) a decrease of RMB176.7 million in research and development expenses, primarily attributable to the completion of patient enrollment for the Phase III clinical trial of a certain research and development project in 2023, which led to the recognition of substantial research and development expenses during the year; (ii) our cost control and operational efficiency measures, which reduced selling expenses; and (iii) an increase of RMB85.3 million in our relating to pharmaceutical products generated from overseas sales mainly driven by higher sales of Apexelsin® in the European Union.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased by 4.3% from RMB1,315.9 million in 2022 to RMB1,259.0 million in 2023. This decrease was primarily attributable to price reductions of certain products as a result of their inclusion in China’s VBP scheme in 2023.

Cost of Revenue

Our cost of revenue increased by 13.4% from RMB324.2 million in 2022 to RMB367.8 million in 2023, which was primarily attributable to the increase in indirect costs resulting from the growth in revenue from the provision of pharmaceutical promoting services.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of revenue described above, our gross profit decreased by 10.1% from RMB991.7 million in 2022 to RMB891.3 million in 2023. Our gross profit margin decreased from 75.4% in 2022 to 70.8% in 2023, primarily due to continued pricing pressure under the VBP scheme in China, which led to a decline in domestic sales price of our pharmaceutical products.

Other Income

Our other income increased by 83.4% from RMB5.2 million in 2022 to RMB9.6 million in 2023, primarily because of an increase in government grants recognized in 2023.

Other Gains and Losses, Net

Our other gains increased by 41.0% from RMB6.5 million in 2022 to RMB9.1 million in 2023, primarily attributable to the net fair value gains on financial assets at FVTPL.

Selling Expenses

Our selling expenses decreased by 16.7% from RMB827.7 million in 2022 to RMB689.3 million in 2023, primarily attributable to our cost control and marketing optimization initiatives in response to the VBP scheme, including streamlined promotional activities and reduced spending.

Research and Development Expenses

Our research and development expenses increased by 78.4% from RMB193.3 million in 2022 to RMB344.8 million in 2023, primarily attributable to the completion of patient enrollment for the Phase III clinical trial of a certain research and development project in 2023, which led to the recognition of substantial research and development expenses during the year.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased by 5.8% from RMB96.3 million in 2022 to RMB101.8 million in 2023, primarily attributable to higher taxes and surcharges incurred in 2023.

FINANCIAL INFORMATION

(Provision)/Reversal of Provision for Impairment of Assets, Net

We had provision for impairment of assets in the amount of RMB2.1 million in 2022 and recorded a reversal of provision for impairment of assets in the amount of RMB0.4 million in 2023, primarily attributable to the decrease of trade receivables balance in 2023, which led to a reversal of previously recognized expected credit loss allowances.

Finance Costs, Net

Our finance costs, net increased by 49.7% from RMB23.0 million in 2022 to RMB34.5 million in 2023, due to an increase of RMB9.3 million in interest expenses incurred by increased bank borrowings.

Income Tax Credit/(Expense)

Our income tax credit increased by 39.7% from RMB46.2 million in 2022 to RMB64.6 million in 2023, primarily because research and development expenses in 2023 led to the recognition of additional deferred tax assets, which resulted in a higher deferred tax credit.

(Loss)/Profit for the Year

Our loss for the year increased from RMB92.8 million in 2022 to RMB195.5 million in 2023, primarily due to an RMB151.5 million increase in research and development expenses.

NET CURRENT ASSETS

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets				
Inventories	208,182	191,365	141,809	128,901
Trade and other receivables . .	392,810	317,142	528,186	608,860
Tax recoverable	1,869	—	—	—

FINANCIAL INFORMATION

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
				(unaudited)
Financial assets at FVTPL . . .	–	–	–	173,177
Financial assets at FVTOCI . .	23,064	56,322	63,252	73,458
Pledged deposits	1,412	8,866	1,610	1,562
Cash and cash equivalents . . .	783,971	559,931	552,952	446,234
Total current assets	1,411,308	1,133,626	1,287,809	1,432,192
Current liabilities				
Trade and other payables . . .	287,641	247,926	281,792	245,694
Contract liabilities	17,382	19,636	9,181	13,810
Bank borrowings	214,479	395,730	582,375	643,226
Lease liabilities	19,870	6,705	12,447	10,203
Income tax payables	–	–	602	332
Total current liabilities	539,372	669,997	886,397	913,265
Net current assets	871,936	463,629	401,412	518,927

Our net current assets decreased from RMB871.9 million as of December 31, 2022 to RMB463.6 million as of December 31, 2023, primarily due to (i) a decrease in cash and cash equivalents of approximately RMB224.0 million and (ii) an increase in the bank borrowings due within one year of approximately RMB181.3 million. The decrease in cash and cash equivalents mainly reflected the capital expenditures on production lines, property, plant and equipment, and intangible assets of approximately RMB384.2 million.

Our net current assets decreased from RMB463.6 million as of December 31, 2023 to RMB401.4 million as of December 31, 2024, primarily due to an increase in trade and other payables of approximately RMB33.9 million.

Our net current assets increased from RMB401.4 million as of December 31, 2024 to RMB518.9 million as of June 30, 2025, primarily due to an increase in trade and other receivables of approximately RMB80.7 million.

FINANCIAL INFORMATION

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories primarily consist of raw materials, work in progress, finished goods, low-value consumables, and goods in transit. The following table sets forth the breakdown of our inventories as of the date indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Raw materials	77,945	49,059	39,603	35,166
Work in progress	49,745	65,801	52,028	48,089
Finished goods	24,155	44,732	26,537	20,275
Consigned processing materials	—	—	—	556
Low-value consumables	41,547	28,731	21,764	23,778
Goods in transit	15,342	5,543	3,804	2,769
Less: Provision for inventories	(552)	(2,501)	(1,927)	(1,732)
Total	208,182	191,365	141,809	128,901

Our inventories decreased by 8.1% from RMB208.2 million as of December 31, 2022 to RMB191.4 million as of December 31, 2023, primarily due to our increase in inventory levels in 2022 to mitigate the impact of unstable raw material supply chains caused by the COVID-19 pandemic.

Our inventories decreased by 25.9% from RMB191.4 million as of December 31, 2023 to RMB141.8 million as of December 31, 2024, primarily due to the measures adopted by us, including enhanced inventory control and improved coordination across production, procurement and sales. These measures effectively improved inventory turnover efficiency and thereby reduced the overall inventory levels.

Our inventories decreased by 9.1% from RMB141.8 million as of December 31, 2024 to RMB128.9 million as of June 30, 2025, primarily due to our enhanced inventory management.

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The table below sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	193,744	176,298	130,311	122,919
1 to 2 years	13,969	15,771	10,412	6,204
Over 2 years	1,021	1,797	3,013	1,510
Impairment	(552)	(2,501)	(1,927)	(1,732)
Total	208,182	191,365	141,809	128,901

As of December 31, 2022, 2023 and 2024 and June 30, 2025, a vast majority of our inventories were aged within one year. Our inventories aged longer were mainly raw materials, low-value consumables, because we typically make bulk purchases of raw materials to meet our manufacturing and research and development requirements, and we need to maintain sufficient inventory in line with our safety stock requirements. We recognize impairment on our inventories if their expected net realizable value is lower than the cost of the inventories.

The following table sets forth our inventory turnover days for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	(days)			
Inventory turnover days ⁽¹⁾ . . .	214.8	199.8	139.9	97.8

(1) Calculated using the average of the beginning and ending inventory balances of the period, divided by cost of revenue for the relevant period and multiplied by 365 days for 2022, 2023 and 2024 and 182 days for the six months ended June 30, 2025.

Our inventory turnover days decreased from 214.8 days in 2022 to 199.8 days in 2023 and 139.9 days in 2024, and further to 97.8 days in the six months ended June 30, 2025, primarily due to our enhanced inventory management measures to accelerate our inventory turnover.

As of September 30, 2025, RMB92.6 million, or 70.9%, of our inventories as of June 30, 2025 had been utilized or sold.

FINANCIAL INFORMATION

Trade and Bills Receivables

The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade receivables	365,216	299,439	501,590	564,373
Bills receivable	23,916	11,197	25,289	32,701
Less: expected credit loss (“ECL”) allowance	(28,198)	(24,916)	(26,314)	(26,534)
Total	360,934	285,720	500,565	570,540

Our trade and bills receivables decreased by 20.8% from RMB360.9 million as of December 31, 2022 to RMB285.7 million as of December 31, 2023, primarily in line with the year-over-year movement in revenue.

Our trade and bills receivables increased by 75.2% from RMB285.7 million as of December 31, 2023 to RMB500.6 million as of December 31, 2024, primarily due to the increased sales of our in-licensed products, primarily Apexelsin[®] and Reminton (类停[®]), which carries longer credit terms than our existing products.

Our trade and bills receivables increased by 14.0% from RMB500.6 million as of December 31, 2024 to RMB570.5 million as of June 30, 2025, primarily due to the increased sales of our in-licensed products, primarily Apexelsin[®] and Reminton (类停[®]).

The following table sets forth an aging analysis of our trade and bills receivables, based on the invoice date and net of loss allowance, as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	352,284	282,089	499,390	562,515
1 to 2 years	7,809	2,243	1,077	7,921
2 to 3 years	841	1,388	98	104
Total	360,934	285,720	500,565	570,540

FINANCIAL INFORMATION

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	<i>(days)</i>			
Trade receivables turnover days ⁽¹⁾	101.2	96.3	103.9	138.5

(1) Calculated using the average of the opening and closing balances of trade receivables for the relevant period divided by revenue and multiplied by 365 days for 2022, 2023 and 2024 and 182 days for the six months ended June 30, 2025.

Our trade receivables turnover days remained relatively stable at 101.2 days in 2022, 96.3 days in 2023 and 103.9 days in 2024, and increased to 138.5 days in the six months ended June 30, 2025, primarily due to the significant growth in sales of Apexelsin[®] and Reminton (类停[®]), which carried slightly longer credit terms than our existing businesses, resulting in an overall increase in receivables balances.

As of September 30, 2025, RMB276.5 million, or 49.0%, of our trade receivables as of June 30, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets consist of prepayments, value-added tax recoverable, deposit, amount due from related parties and other receivables. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Value-added tax recoverable .	3,829	2,046	4,709	7,608
Prepayments	21,359	24,925	6,710	12,350
Deposits	1,761	2,866	13,777	14,246
Amounts due from related parties	167	361	1,703	1,688
Finance lease receivables . .	3,623	—	—	—
Other receivables	2,643	3,053	1,963	3,979
Less: ECL allowance	(1,506)	(1,829)	(1,241)	(1,551)
Total	31,876	31,422	27,621	38,320

FINANCIAL INFORMATION

Our prepayments, other receivables and other assets mainly consist of our prepayments for research and development costs and production related materials. Value-added tax recoverable represents value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables.

Our prepayments, other receivables and other assets remained stable at RMB31.9 million as of December 31, 2022 and RMB31.4 million as of December 31, 2023.

Our prepayments, other receivables and other assets decreased by 12.1% from RMB31.4 million as of December 31, 2023 to RMB27.6 million as of December 31, 2024, primarily attributable to advance prepayments made in 2023 being recognized as expenses in 2024 in accordance with progress under the relevant contracts.

Our prepayments, other receivables and other assets increased by 38.7% from RMB27.6 million as of December 31, 2024 to RMB38.3 million as of June 30, 2025, primarily attributable to increased advance payments and an increase in value-added tax recoverable.

Trade and Other Payables

Our trade and other payables primarily represent outstanding amounts due to our suppliers. Our trade payables are non-interest-bearing and are normally settled on terms of 30 to 150 days after the invoice date.

The following table sets forth the breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade payables	71,368	63,163	99,512	91,325
Salaries payables	30,584	24,600	29,523	15,242
Value-added tax payable	5,863	747	2,600	3,132
Deposit received	5,122	4,366	11,334	11,015
Amounts due to related parties	151	181	150	1,070
Refund liabilities arising from right of return	—	—	—	2,238
Provision of sale rebates	—	—	1,779	1,721
Other payables	174,553	154,869	136,894	119,951
Total	287,641	247,926	281,792	245,694

FINANCIAL INFORMATION

Our trade and other payables decreased by 13.8% from RMB287.6 million as of December 31, 2022 to RMB247.9 million as of December 31, 2023, primarily due to an decreased in payables for materials and engineering equipment.

Our trade and other payables increased by 13.7% from RMB247.9 million as of December 31, 2023 to RMB281.8 million as of December 31, 2024, primarily attributable to (i) the increase in raw materials and sales-based royalties; and (ii) an RMB7.0 million increase in deposits received.

Our trade and other payables decreased by 12.8% from RMB281.8 million as of December 31, 2024 to RMB245.7 million as of June 30, 2025, primarily attributable to settlement of payables for materials and the payment of bonuses.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	71,365	63,158	99,505	91,323
Over 1 year	3	5	7	2
Total	71,368	63,163	99,512	91,325

The following table sets for our trade payables turnover days for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	(days)			
Trade payables turnover days ⁽¹⁾	80.0	66.8	67.4	68.0

(1) Calculated using the arithmetic mean of the opening and closing balances of trade payables for the relevant period divided by cost of revenue and multiplied by 365 days for 2022, 2023 and 2024 and 182 days for the six months ended June 30, 2025.

Our trade payables turnover days decreased from 80.0 days in 2022 to 66.8 days in 2023, and remained stable at 67.4 days in 2024 and 68.0 days in the six months ended June 30, 2025, primarily due to the implementation of strategic pre-stocking in 2022 to ensure production continuity amid pandemic-related extensions in raw-material procurement and logistics cycles.

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As of September 30, 2025, RMB55.5 million, or 60.7%, of our trade payables as of June 30, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities consist of advance payments of the contract from customers for sales of pharmaceutical products and providing services. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had contract liabilities of RMB17.4 million, RMB19.6 million, RMB9.2 million and RMB13.8 million, respectively. We recognize contract liability when a payment is received from a customer before the relevant criteria for revenue recognition are satisfied. We recognize contract liabilities as revenue when the relevant criteria for revenue recognition are satisfied.

As of September 30, 2025, RMB4.9 million, or 35.6%, of our contract liabilities as of June 30, 2025 had been subsequently recognized as revenue.

CASH FLOWS

Our use of cash primarily related to operating, investing and financing activities. We have historically financed our operations primarily through cash flows generated from our operations and borrowings.

The following table sets forth a summary of our cash flows information for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Net cash flows (used in)/from operating activities.	(95,973)	(119,585)	74,064	(48,850)	16,641
Net cash flows used in investing activities	(381,446)	(156,247)	(104,125)	(121,378)	(201,365)

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	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Net cash flows from financing activities .	381,181	48,697	21,691	47,654	76,972
Net decrease in cash and cash equivalents	(96,238)	(227,135)	(8,370)	(122,574)	(107,752)
Cash and cash equivalents at beginning of year/period	874,777	783,971	559,931	559,931	552,952
Effect of foreign exchange rate changes	5,432	3,095	1,391	971	1,034
Cash and cash equivalents at end of year/period	783,971	559,931	552,952	438,328	446,234

Net Cash Flows (Used in)/From Operating Activities

Our net cash flows from operating activities in the six months ended June 30, 2025 were RMB16.6 million, primarily attributable to (i) RMB84.1 million profit before income tax and (ii) adjustments for depreciation and amortization of RMB55.3 million, partially offset by an RMB89.3 million increase in trade and other receivables and an RMB36.0 million decrease in trade and other payables.

Our net cash flows from operating activities in 2024 were RMB74.1 million, primarily attributable to (i) RMB56.9 million profit before income tax, (ii) adjustments for depreciation and amortization of RMB104.2 million, (iii) an RMB45.9 million decrease in inventories, and (iv) an RMB36.7 million increase in trade and other payables, partially offset by an RMB218.6 million increase in trade and other receivables.

Our net cash flows used in operating activities in 2023 were RMB119.6 million, primarily attributable to RMB260.1 million loss before income tax, partially offset by (i) adjustments for depreciation and amortization of RMB99.2 million and (ii) a decrease in trade and other receivables of RMB43.0 million.

Our net cash flows used in operating activities in 2022 were RMB96.0 million, primarily attributable to (i) RMB139.1 million loss before income tax and (ii) a decrease in trade and other payables of RMB42.6 million, partially offset by adjustments for depreciation and amortization of RMB80.9 million.

FINANCIAL INFORMATION

Net Cash Flows Used in Investing Activities

Our net cash flows used in investing activities in the six months ended June 30, 2025 were RMB201.4 million, primarily attributable to the purchases of financial assets at FVTPL of RMB996.4 million and the purchases of property, plant and equipment and intangibles assets of RMB29.9 million, which was partially offset by the RMB810.4 million proceeds from disposal of financial assets at FVTPL.

Our net cash flows used in investing activities in 2024 were RMB104.1 million, primarily attributable to the purchases of financial assets at FVTPL of RMB1,969.5 million and the purchases of property, plant and equipment and intangible assets of RMB94.0 million, which was partially offset by the RMB1,957.4 million proceeds from disposal of financial assets at FVTPL.

Our net cash flows used in investing activities in 2023 were RMB156.2 million, primarily attributable to the purchases of financial assets at FVTPL of RMB1,973.0 million and the purchases of property, plant and equipment and intangible assets of RMB191.2 million, which was partially offset by the RMB1,991.0 million proceeds from disposal of financial assets at FVTPL.

Our net cash flows used in investing activities in 2022 were RMB381.4 million, primarily attributable to the purchases of financial assets at FVTPL of RMB1,395.3 million and the purchases of property, plant and equipment and intangible assets of RMB384.2 million, which was partially offset by the RMB1,393.8 million proceeds from disposal of financial assets at FVTPL.

Net Cash Flows From Financing Activities

Our net cash flows from financing activities in the six months ended June 30, 2025 were RMB77.0 million, primarily attributable to proceeds from bank borrowings of RMB433.8 million, which was partially offset by (i) the repayment of bank borrowings of RMB287.6 million, (ii) the RMB15.8 million payment of dividend, (iii) the RMB20.6 million of interest and (iv) the RMB47.4 million payment of repurchase of shares.

Our net cash flows from financing activities in 2024 were RMB21.7 million, primarily attributable to the proceeds from bank borrowings of RMB661.5 million, which was partially offset by (i) the repayment of bank borrowings of RMB559.5 million, (ii) the RMB44.8 million payment of interest and (iii) the RMB31.1 million payment of repurchase of shares.

Our net cash flows from financing activities in 2023 were RMB48.7 million, primarily attributable to proceeds from bank borrowings of RMB453.1 million, which was partially offset by (i) the repayment of bank borrowings of RMB355.2 million and (ii) the payment of interest of RMB44.2 million.

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Our net cash flows from financing activities in 2022 were RMB381.2 million, primarily attributable to proceeds from bank borrowings of RMB1,027.1 million, which was partially offset by (i) the repayment of bank borrowings of RMB573.0 million, (ii) the payment of dividend of RMB35.1 million, and (iii) interest of RMB19.9 million.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including cash flows from operating activities, our current cash and cash equivalents, our banking facilities and the estimated net proceeds from the [REDACTED], our Directors are of the view that we have available sufficient working capital for our present requirements that is for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures principally comprise expenditures for purchases of items of property, plant, and equipment, and addition to intangible assets, primarily related to our production and research and development activities. We have funded our capital expenditures during the Track Record Period mainly from cash generated from operating activities. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate. The following table sets forth a breakdown of our capital expenditures during the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Property, plant and equipment	194,112	216,388	40,828	5,402
Intangible assets	152,183	9,620	118,106	25,995
Total	346,295	226,008	158,934	31,397

Commitments

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had contractual commitments for (i) purchases of property, plant and equipment, and intangible assets in an aggregate amount of RMB131.1 million, RMB53.7 million, RMB49.7 million and RMB62.0 million, respectively; and (ii) for short-term leases in an aggregate amount of RMB0.4 million, RMB0.08 million, RMB0.5 million and RMB0.3 million, respectively.

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INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Current					
– Bank borrowings . .	214,479	395,730	582,375	643,226	740,044
– Lease liabilities . . .	19,870	6,705	12,447	10,203	6,104
Non-current					
– Bank borrowings . .	779,229	695,840	611,179	696,475	649,428
– Lease liabilities . . .	24,962	17,786	14,784	11,744	2,496
Total	1,038,540	1,116,061	1,220,785	1,361,648	1,398,072

Borrowings

We had interest-bearing borrowings of RMB993.7 million, RMB1,091.6 million, RMB1,193.6 million, RMB1,339.7 million and RMB1,389.5 million as of December 31, 2022, December 31, 2023, December 31, 2024, June 30, 2025 and September 30, 2025, respectively. As of the Latest Practicable Date, we had unutilized banking facilities of RMB481.9 million. During the Track Record Period and up to the Latest Practicable Date, we did not violate any material covenant in our borrowings or experience any default in payment of our borrowings, nor did we experience any difficulty in obtaining bank or other borrowings.

Lease Liabilities

We are the lessee in respect of certain properties held under leases for our plant, offices and laboratories during the Track Record Period. For any lease with a term of more than 12 months, unless the underlying asset is of low value, we recognize a right-of-use asset representing our right to use the underlying leased asset and a lease liability representing our obligation to make lease payments.

As of December 31, 2022, 2023 and 2024, June 30, 2025, and September 30, 2025, we had a total of current and non-current lease liabilities of RMB44.8 million, RMB24.5 million, RMB27.2 million, RMB21.9 million and RMB8.6 million, respectively.

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Indebtedness Statement and Contingent Liabilities

Except as disclosed above, as of June 30, 2025, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, borrowings, indebtedness, guarantees or other material contingent liabilities.

Our Directors confirm that there was no material change in our indebtedness from June 30, 2025 to the date of this document.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 37 to the Accountants’ Report in Appendix I.

The following table sets forth a breakdown of our balances due from/to related parties as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Amounts due from related parties ⁽¹⁾	167	361	1,703	1,688
Amounts due to related parties ⁽²⁾	151	181	150	1,070

Notes:

(1) Primarily represents rental deposit.

(2) Primarily represents utilities payables and rent.

All of our related party balances as of December 31, 2022, 2023 and 2024 and June 30, 2025 were non-trade in nature. Our Directors confirm that all of our related party transactions during the Track Record Period set out in Note 37 to the Accountants’ Report in Appendix I were conducted on an arm’s length basis and would not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates/periods indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
				(unaudited)
Current ratio ⁽¹⁾	2.6	1.7	1.5	1.6
Quick ratio ⁽²⁾	2.2	1.4	1.3	1.4
	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
				(unaudited)
Gross profit margin ⁽³⁾	75.4%	70.8%	68.7%	63.6%
Return on equity ⁽⁴⁾	(5.0%)	(11.4%)	1.7%	4.8%

Notes:

- (1) Current ratio is calculated using current assets divided by current liabilities as of the relevant period end.
- (2) Quick ratio is calculated using current assets less inventories divided by current liabilities as of the relevant period end.
- (3) Gross profit margin represents gross profit as a percentage of total revenue of the respective period.
- (4) Return on equity is calculated using profit divided by the average of the beginning and ending balance of total equity for that year/period and multiplied by 100%.

See “— Significant Factors Affecting Our Results of Operations” for a discussion of the factors affecting our gross profit margin during the relevant periods.

Current Ratio and Quick Ratio

Our current ratio decreased from 2.6 as of December 31, 2022 to 1.7 as of December 31, 2023, and our quick ratio decreased from 2.2 as of December 31, 2022 to 1.4 as of December 31, 2023. These decreases were primarily because we used our own funds to invest in property, plant and equipment and increased bank borrowings, which together reduced current assets and increased current liabilities.

Our current ratio slightly decreased from 1.7 as of December 31, 2023 to 1.5 as of December 31, 2024, and our quick ratio slightly decreased from 1.4 as of December 31, 2023 to 1.3 as of December 31, 2024. These slight decreases were primarily because the increase in our current liabilities outpaced the increase in our current assets or current assets less inventories (as the case may be).

FINANCIAL INFORMATION

Our current ratio slightly increased from 1.5 as of December 31, 2024 to 1.6 as of June 30, 2025, and our quick ratio slightly increased 1.3 as of December 31, 2024 to 1.4 as of June 30, 2025. These slight increases were primarily because the increase in our current assets or current assets less inventories (as the case may be) outpaced the increase in current liabilities.

Return on Equity

We recorded negative return on equity of (5.0%) in 2022 and (11.4%) in 2023, respectively. Our negative return on equity was primarily due to losses resulting from substantial R&D investment. In 2024 and for the six months ended June 30, 2025, our return on equity was 1.7% and 4.8%, respectively, primarily due to the substantial growth in overseas revenue and decreases in selling expenses and R&D expenses, resulting in increasing profit for the period for the six months ended June 30, 2025.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have neither entered into any off-balance sheet transactions, nor any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RISK DISCLOSURES

Our principal financial instruments mainly comprise cash and cash equivalents. The main purpose of these financial instruments is to support our operations, such as trade and bills receivables and trade payables. We have various other financial assets and liabilities which arise directly from our operations. The main risks arising from our financial instruments are foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. For more details, see Note 38 to the Accountants’ Report in Appendix I.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations.

Price Risk

We are exposed to equity price risk mainly arising from investments in private fund and unlisted equity investments which are classified as financial assets at FVTPL and FVTOCI which will not be sold within one year.

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Interest Rate Risk

The interest rate risk primarily arises from bank borrowings and lease liabilities. Bank borrowings issued at variable rates expose us to cash flow interest rate risk. Bank borrowings issued at fixed rates, lease liabilities bearing fixed rates expose us to fair value interest rate risk.

We have been monitoring the level of interest rates. An increase in interest rates will raise the cost of new interest-bearing debts and also increase the interest expenses of our outstanding interest-bearing debts that accrue interest at floating rates, thereby exerting a significant adverse impact on our financial performance. In response, our management team will make timely adjustments in light of the latest market conditions to mitigate interest rate risk.

Credit Risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to us. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of our operations and from our investing activities.

We have adopted a policy of conducting transactions only with counterparties with good credit standing. In addition, we assess the creditworthiness of customers based on factors such as customers’ financial conditions, the possibility of obtaining guarantees from third parties, credit records, and other factors including current market conditions, and sets corresponding credit periods accordingly. We conduct continuous monitoring of the balances of bills receivable and trade and other receivables as well as their collection status. For customers with poor credit records, we will take measures such as sending written collection demands, shortening credit periods, or revoking credit periods to ensure that we do not face significant credit losses. Furthermore, we review the collectability of financial assets on each statement of financial position date to ensure that sufficient expected credit loss provisions have been recognized for the relevant financial assets.

The credit risk of our other financial assets, which comprise cash and cash equivalents, bills receivable, trade and other receivables, and financial assets included in other non-current assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. We manage this risk at the group level by monitoring our short- and long-term funding needs and maintaining adequate cash reserves. We also monitor compliance with covenants under our loan agreements and obtain commitments from major financial institutions for backup funding to meet short- and long-term requirements.

FINANCIAL INFORMATION

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders.

We actively and regularly review our capital structure and make adjustments in light of changes in economic conditions. We monitor our capital structure on the basis of the gearing ratio. In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

DIVIDEND POLICY

After the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our shareholders’ meeting and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends.

According to applicable PRC laws and our Articles of Association, when allocating the after-tax profits of the current year, the Company shall allocate 10% of its profit to the statutory reserve fund. In the event that the accumulated statutory reserve fund of the Company has reached more than 50% of the registered capital of the Company, no allocation is needed. In the event that the statutory reserve fund of the Company is insufficient to make up the losses on the previous year, before allocating the statutory reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first make up the losses by using the profits of the current year. After allocating the statutory reserve fund from the after-tax profits of the Company, the Company may allocate the discretionary reserve fund from the after-tax profits according to the resolution of shareholders’ general meeting. The remaining profits after tax after the Company has made up its losses and allocated to its reserve funds may be distributed to its shareholders in proportion to their shareholdings, unless it is stipulated in the Articles of Association that no profit distribution shall be made in proportion to shareholdings.

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Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to our dividend policy under our Articles of Association, the amount of the dividends distributed in cash in every three years should be at least 30% of our profits for these three years that are available for distribution, subject to certain specified conditions.

In May 2022, we declared dividends of RMB 19.9 million in respect of the year ended December 31, 2021. In 2023 and 2024, we did not declare any dividends. In May 2025, we declared dividends of RMB15.8 million in respect of the year ended December 31, 2024. As of the Latest Practicable Date, we had paid these dividends in full.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we had retained profits of RMB216.4 million, which were available for distribution to Shareholders.

[REDACTED] EXPENSES

Assuming an [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative [REDACTED] range stated in this document), the [REDACTED] fees, commissions, together with the Stock Exchange [REDACTED] fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]), of which RMB[REDACTED] are expected to be charged to our consolidated statements of comprehensive income, and RMB[REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] expenses consist of RMB[REDACTED] [REDACTED]-related expenses and RMB[REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisors and the reporting accountant of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]), representing approximately [REDACTED]% of our gross proceeds from the [REDACTED].

The [REDACTED] expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the [REDACTED] on our consolidated net tangible assets attributable to owners of the Company as of June 30, 2025 as if the [REDACTED] had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of the Company had the [REDACTED] been completed as of June 30, 2025 or at any future date.

Audited consolidated net tangible assets of our Group attributable to owners of the Company as of June 30, 2025	Estimated net proceeds from the [REDACTED]	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as of June 30, 2025	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as of June 30, 2025	
RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 4)

Based on an

[REDACTED] of
HK\$[REDACTED]

per H Share 1,432,278 [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Based on an

[REDACTED] of
HK\$[REDACTED]

per H Share 1,432,278 [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 is extracted from the Accountants' Report set out in Appendix I, which is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at June 30, 2025 of approximately RMB1,682,157,000 after deducting the Group's intangible assets attributable to owners of the Company of approximately RMB249,879,000 as at June 30, 2025.

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- (2) The estimated net proceeds from the [REDACTED] are based on [REDACTED] at the [REDACTED] of HK\$[REDACTED] per [REDACTED] and HK\$[REDACTED] per [REDACTED], being the low end and high end of the indicative [REDACTED] range, respectively, after deduction of the estimated [REDACTED] fees and other related expenses expected to be incurred by the Group subsequent to June 30, 2025 and takes no account of any Shares which may be allotted and issued by the Company upon the exercise of the [REDACTED], any Shares which may be issued by the Company upon the exercise of any options may be granted under the 2024 Restricted Share Incentive Plans or any Shares which may be issued or repurchased by the Company.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares (representing 201,257,250 Shares in issue as at June 30, 2025, excluding 3,149,905 treasury shares as at June 30, 2025, adding [REDACTED] [REDACTED]) were in issue, assuming that the [REDACTED] had been completed on June 30, 2025 but does not take into account of any Shares which may be allotted and issued by the Company upon the exercise of the [REDACTED], any Shares which may be issued by the Company upon the exercise of any options may be granted under the 2024 Restricted Share Incentive Plans or any Shares which may be issued or repurchased by the Company.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2025.
- (5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars has been made at a rate of RMB0.912 to HK\$1.00. No representation is made that Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate.

PROPERTY INTERESTS AND PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued certain of our property interests as of August 31, 2025 and is of the opinion that the market value of our selected property interest as of such date was RMB700.5 million. The full text of its letter and certificate in connection with such property interest are set out in Appendix III.

A reconciliation of the net book value of our selected property interest as of June 30, 2025 as set out in Accountants’ Report in Appendix I to its market value as of August 31, 2025 as stated in the property valuation report set out in Property Valuation Report in Appendix III is set out below:

	<i>RMB'000</i>
Net book value of the property interest as of June 30, 2025	679,149
Addition	12
Depreciation	4,245
Net book value of the property interest as of August 31, 2025	674,916
Fair value gain	<u>25,584</u>
Market value of the property interest as of August 31, 2025	
as set out in the property valuation report in Appendix III.	<u><u>700,500</u></u>

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial, operational or prospects since June 30, 2025, being the latest balance sheet date of our combined financial statements in the Accountants’ Report in Appendix I.

DISCLOSURE UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Shenzhen Keyi and Mr. Deng directly owned 54.50% and 0.88% of the total issued share capital of our Company, representing 55.38% and 0.89% of the voting rights at general meetings of our Company (excluding 3,199,905 A Shares held by our Company as treasury Shares), respectively. Shenzhen Keyi is wholly owned by Genzon Investment, which is owned as to 99.01% by Mr. Deng and 0.99% by Zhengzhong Yisheng, which in turn is owned as to 99% by Mr. Deng and 1% by Ms. Wen, his spouse.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), Mr. Deng and Ms. Wen will collectively be entitled to control (directly and/or indirectly through Zhengzhong Yisheng, Genzon Investment and Shenzhen Keyi) the exercise of [REDACTED]% voting rights at general meetings of our Company. Upon [REDACTED], each of Mr. Deng, Ms. Wen, Zhengzhong Yisheng, Genzon Investment and Shenzhen Keyi will constitute a group of our Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [REDACTED].

Management Independence

Upon [REDACTED], our Board will comprise eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. Although Mr. Deng is an executive Director and also a Controlling Shareholder, our management and operational decisions are made collectively by our executive Directors and senior management, most of whom have served our Group for a long time and all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. The balance of power and authority is ensured by the operation of the senior management and our Board. See “Directors and Senior Management” for further details.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act in good faith for the benefit of our Company as a whole, and avoid conflicts between his/her personal interests and the interests of our Company. Further, we believe our independent non-executive Directors bring independent judgment to the decision-making process of our Board. In the event that a Director or his/her associate has a material interest in a contract or arrangement or any other proposal to be entered into by our Group, the interested Director will abstain from voting on the relevant board resolution and not be counted in the quorum of the relevant Board meetings. See “— Corporate Governance Measures” for further details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management (other than Mr. Deng) are able to perform their managerial role in our Group independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after [REDACTED], we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Our Company (together with our subsidiaries) holds or enjoys the benefit of all licenses, qualifications, intellectual properties and permits necessary to carry on our business, and has sufficient capital, equipment, facilities, access to customers and suppliers, and employees to operate our business independently of our Controlling Shareholders and their respective close associates. We have also established a set of internal control measures and adopted corporate governance practices to facilitate the effective operation of our business.

Apart from the transactions set out in “Connected Transactions,” our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders and their respective close associates upon [REDACTED].

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Financial Independence

We have an independent financial system and make financial decisions according to our own business needs. We have our own accounting and finance department with a team of independent financial staff responsible for discharging the treasury function, and an Audit Committee comprising solely of non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

Our Directors confirm that all subsisting loans, guarantees or pledges provided by our Controlling Shareholders or their respective close associates to our Group will be fully repaid or released before [REDACTED].

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third-party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after [REDACTED].

NO COMPETITION WITH OUR CONTROLLING SHAREHOLDERS

Delineation of Business

We are an innovation-driven biopharmaceutical company with international reach, specializing in the R&D, manufacturing and commercialization of recombinant protein, antibodies and targeted-delivery therapies.

Each of Zhengzhong Yisheng, Genzon Investment and Shenzhen Keyi are investment holding companies and have no substantive business operations. Apart from the business of our Company, Mr. Deng and Ms. Wen, either personally or through Zhengzhong Yisheng, Genzon Investment or Shenzhen Keyi, are also interested in companies which engage in, among others, industrial investments, leasing of self-owned properties and property management services, metal sheet manufacturing, and new materials businesses, which are separate and clearly delineated from the principal business of our Group.

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, he/she/it did not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In connected with our A Share listing, each of Shenzhen Keyi and Mr. Deng provided non-competition undertaking to our Company on March 31, 2020, pursuant to which each of Shenzhen Keyi and Mr. Deng (the “**Covenantor(s)**”) has undertaken that, so long as the respective Covenantor remains a controlling shareholder or an actual controller of our Company:

- (a) each of the Covenantors, together with its/his spouse, parents, children and any other enterprises directly or indirectly controlled by it/him or by any of the foregoing persons, has not, whether directly or indirectly, engaged in any business which competes or is likely to compete with the business of our Company, nor does any of them hold any Shares, equity interests or other rights in any enterprise which competes with our Company;
- (b) it/he will not, whether directly or indirectly and in any form, engage in any business or activity which constitutes or may constitute competition with the business and operations of our Company, and will not provide, in any manner, funding, business, technical or other assistance to any enterprise that competes with our Company;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) it/he will procure that any enterprise directly or indirectly controlled by it/him or his spouse, parents or children will not, in the future, engage in, participate in or carry out any activity that competes or may compete with the business or operations of our Company, and will not provide, in any manner, funding, business, technical or other assistance to any enterprise that competes with our Company;
- (d) in the event that our Company further expands its principal business scope, each of the Covenantors and the enterprises directly or indirectly controlled by it/him will not compete with the expanded business of our Company. If any competition with the expanded business of our Company arises, the relevant Covenantors and/or the enterprises directly or indirectly controlled by it/him will resolve such competition by ceasing the operation of the competing business, injecting such business into our Company, or transferring such business to independent third parties with no connection to the Controlling Shareholders; and
- (e) in the event of any breach of the above undertakings, the Covenantors shall be liable for any loss or damage thereby caused to our Company.

Corporate Governance Measures

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

- (a) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. See “Directors and Senior Management — Directors — Independent Non-executive Directors”;

- (d) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our interim and annual report or by way of announcements; and
- (e) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

CONNECTED TRANSACTIONS

Upon [REDACTED], certain transactions as set out below between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The table below sets forth the parties that will become our connected persons and have entered into transactions with us which will constitute our continuing connected transactions upon [REDACTED]:

Connected Person	Relationship
Zhengzhong Industry Holding Group Co., Ltd. (正中產業控股集團有限公司, “Zhengzhong Industry Holding”)	Zhengzhong Industry Holding is wholly owned by Genzon Investment, our Controlling Shareholder.
Cosmogen Biotech Co., Ltd. (創益生物科技有限公司, “Cosmogen”) . . .	Cosmogen is wholly owned by Genzon Investment, our Controlling Shareholder.
Guangzhou Yunshengtianji Technology Co., Ltd. (廣州雲升天紀科技有限公司, “Yunshengtianji”)	Yunshengtianji is controlled by Genzon Investment, our Controlling Shareholder, as to more than 30%.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Leasing of Properties from Certain Connected Persons

During the Track Record Period and in our ordinary and usual course of business, we leased certain of our offices, warehouses and production base from our connected persons, including Zhengzhong Industry Holding, Cosmogen and Yunshengtianji. Certain of these leases are recognized as right-of-use assets in accordance with IFRS 16 “Leases” and are treated as one-off acquisitions of capital assets by our Group, which do not constitute our continuing connected transactions upon [REDACTED] under Chapter 14A of the Listing Rules. Notwithstanding the foregoing, certain leases from Cosmogen are short-term leases or leases for low-value asset, and are hence exempt from recognition as right-of-use assets on our balance sheet under IFRS 16. The rental expenses under such short-term leases will be accounted for as expenses in our consolidated financial statements and constitute our continuing connected transactions under the Listing Rules.

As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of these short-term leases, which are conducted on normal commercial terms or better, are expected to be less than 5% and the total consideration is expected to be less than HK\$3,000,000, it will be exempted from the shareholders’ approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

CONNECTED TRANSACTIONS

2. Provision of Property Management Services by Cosmogen and Yunshengtianji

Under the lease arrangements for certain of our premises leased from Cosmogen and Yunshengtianji as disclosed in “— Fully Exempt Continuing Connected Transactions — 1. Leasing of Properties from Certain Connected Persons,” each of Cosmogen and Yunshengtianji has agreed to provide property management services to us for our occupation in the relevant premises, including property operation, maintenance and management.

As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the provision of property management services, which are conducted on normal commercial terms or better, are expected to be less than 5% and the total consideration is expected to be less than HK\$3,000,000, it will be exempted from the shareholders’ approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

3. Purchase of Utilities from Cosmogen and Yunshengtianji

Under the lease arrangements for certain of our premises leased from Cosmogen and Yunshengtianji as disclosed in “— Fully Exempt Continuing Connected Transactions — 1. Leasing of Properties from Certain Connected Persons,” each of Cosmogen and Yunshengtianji has agreed to procure the supply of utilities (including water and electricity) that we consume during our use of their respective premises. The fees charged by Cosmogen and Yunshengtianji for the aforesaid utilities will be determined on an at-cost basis with reference to the utility charges on the relevant premises paid by Cosmogen and Yunshengtianji to the relevant utility providers, which typically are at government-prescribed rates. On a monthly basis, we will confirm the consumption amounts with Cosmogen and Yunshengtianji with reference to the utility bills issued by the relevant utility providers.

The utilities are “consumer goods and services” under Rule 14A.97 of the Listing Rules because they are (i) of a type ordinarily supplied for our private use or consumption; (ii) for our own consumption and use; (iii) consumed and used by us in the same state as when they were bought; and (iv) purchased on no less favorable terms to our Group than those available from independent third parties, as such utility prices are published or publicly quoted and apply to other independent consumers. On the basis that we purchase such utilities from Cosmogen and Yunshengtianji on normal commercial terms or better in our ordinary and usual course of business, the transaction will be exempt from the shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

SHARE CAPITAL

OUR SHARE CAPITAL

As of the Latest Practicable Date, the issued share capital of our Company consisted of 201,257,250 A Shares (including 3,199,905 A Shares as treasury Shares) with a nominal value of RMB1.00 each, all of which are listed on the STAR Market.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), the issued share capital of our Company will be as follows:

	<u>Number of Shares</u>	<u>Approximately % of issued share capital</u>
A Shares in issue.	201,257,250 ⁽¹⁾	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u> %
Total	<u><u>[REDACTED]</u></u>	<u><u>[REDACTED]</u></u> %

Note:

(1) Including 3,199,905 A Shares which are held by our Company as treasury Shares.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is exercised in full and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), the issued share capital of our Company will be as follows:

	<u>Number of Shares</u>	<u>Approximately % of issued share capital</u>
A Shares in issue.	201,257,250 ⁽¹⁾	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u> %
Total	<u><u>[REDACTED]</u></u>	<u><u>[REDACTED]</u></u> %

Note:

(1) Including 3,199,905 A Shares which are held by our Company as treasury Shares.

SHARE CAPITAL

OUR SHARES

Upon the completion of the [REDACTED], our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in Chinese Mainland, the qualified investors in Chinese Mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in Chinese Mainland.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be traded by investors in Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be traded by investors in Chinese Mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請“全流通”業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Stock Exchange.

RANKING

Our A Shares and our H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

SHARE CAPITAL

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We obtained our A Shareholders’ approval to issue H Shares and seek the [REDACTED] of H Shares on the Stock Exchange at the general meeting of our Company held on October 17, 2025. Such approval is subject to the following conditions:

- (i) **Size of the [REDACTED].** The proposed number of H Shares to be [REDACTED] shall not exceed [REDACTED]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].
- (ii) **Method of [REDACTED].** The method of [REDACTED] shall be by way of an [REDACTED] to institutional investors and a [REDACTED] for subscription in Hong Kong.
- (iii) **Target investors.** The H Shares shall be [REDACTED] to public investors in Hong Kong under the [REDACTED] and international investors, qualified domestic institutional investors in Chinese Mainland and other investors who are approved by regulatory bodies of Chinese Mainland to invest abroad in [REDACTED].
- (iv) **[REDACTED] basis.** The [REDACTED] of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders as a whole, acceptance of investors and the risks related to the [REDACTED], according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.
- (v) **Validity period.** The [REDACTED] of H Shares and [REDACTED] of H Shares on the Stock Exchange shall be completed within 18 months after the date of the shareholders’ meeting.

There is no other approved [REDACTED] plan for the Shares except the [REDACTED].

GENERAL MEETINGS

For details of circumstance under which our general meetings are required, see “Summary of Articles of Association — Shareholders and Shareholders’ General Meetings” in Appendix IV.

SHARE SCHEMES

For details of our 2024 Restricted Share Incentive Plan, see “Statutory and General Information — D. 2024 Restricted Share Incentive Plan” in Appendix V.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

Name of Shareholder	Nature of interest ⁽¹⁾	Number and class of Shares or underlying Shares held	Shareholding as of the Latest Practicable Date		Shareholding upon completion of the [REDACTED] ⁽²⁾	
			in total A Shares	in total issued share capital	in total A Shares	in total issued share capital
Mr. Deng ⁽⁵⁾	Interest in controlled corporation ⁽³⁾	109,688,630 A Shares	54.50%	54.50%	54.50%	[REDACTED]%
	Beneficial owner	1,764,125 A Shares	0.88%	0.88%	0.88%	[REDACTED]%
Ms. Wen ⁽⁵⁾	Interest of spouse ⁽⁴⁾	111,452,755 A Shares	55.38%	55.38%	55.38%	[REDACTED]%
Shenzhen Keyi ⁽⁵⁾ . . .	Beneficial owner	109,688,630 A Shares	54.50%	54.50%	54.50%	[REDACTED]%
Genzon Investment ⁽⁵⁾ .	Interest in controlled corporation ⁽³⁾	109,688,630 A Shares	54.50%	54.50%	54.50%	[REDACTED]%
Zhengzhong Yisheng ⁽⁵⁾	Interest in controlled corporation ⁽³⁾	109,688,630 A Shares	54.50%	54.50%	54.50%	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan and including the 3,199,905 treasury Shares held by our Company as of the Latest Practicable Date).
- (3) As of the Latest Practicable Date, Shenzhen Keyi was wholly owned by Genzon Investment, which was owned as to 99.01% by Mr. Deng and 0.99% by Zhengzhong Yisheng, which in turn was owned as to 99% by Mr. Deng and 1% by Ms. Wen. By virtue of the SFO, each of Mr. Deng, Genzon Investment and Zhengzhong Yisheng is deemed to be interested in the Shares held by Shenzhen Keyi.
- (4) Mr. Deng and Ms. Wen are spouses. By virtue of the SFO, they are deemed to be interested in the Shares held by each other.
- (5) Since Mr. Deng, Ms. Wen, Zhengzhong Yisheng, Genzon Investment and Shenzhen Keyi control one third or more of the voting power at general meetings of our Company, by virtue of the SFO, they will also be taken to have an interest in the treasury Shares held by the Company. As of the Latest Practicable Date, the Company held 3,199,905 A Shares as treasury Shares.

SUBSTANTIAL SHAREHOLDERS

For details of Shareholders who will be, directly or indirectly, interested in 10% or more of the issued voting shares of other members of our Group, see “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests” in Appendix V.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board comprises eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors, namely:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Deng Xueqin (鄧學勤)	58	Executive Director and chairman of the Board	March 2008	March 11, 2008	Overall strategic planning of our Group
Mr. Zhao Yanqing (趙彥輕)	43	Executive Director and general manager	December 2013	August 6, 2018	Overseeing the business operations and management of our Group
Ms. Cui Ning (崔寧)	48	Executive Director and deputy general manager	September 2010	August 6, 2018	Overseeing our Group’s production operation and management
Ms. Wang Xiaoqin (王小琴)	48	Executive Director, chief financial officer and secretary of our Board	December 2018	January 16, 2024	Overseeing the financial management, company secretarial and corporate governance matters of our Group
Mr. Huang Kaikun (黃凱昆)	52	Non-Executive Director	May 1997	August 29, 2025	Providing advice and making recommendation on the operation and management of our Group
Mr. He Ruyi (何如意)	64	Independent non-executive Director	August 2025	August 29, 2025	Providing independent advice on the operations and management of our Group
Mr. Fong Chun Fai (方俊輝)	47	Independent non- executive Director	August 2025	August 29, 2025	Providing independent advice on the operations and management of our Group
Mr. Zhang Hanbin (張漢斌)	59	Independent non- executive Director	August 2025	August 29, 2025	Providing independent advice on the operations and management of our Group

DIRECTORS AND SENIOR MANAGEMENT

Our senior management team, in addition to the executive Directors listed above, comprises the following:

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Qin Suofu (秦鎖富).	61	Deputy general manager	September 2020	January 20, 2021	Overseeing our Group’s research and development activities as well as management functions
Ms. Ma Hongjie (馬鴻傑)	54	Deputy general manager	July 1996	August 1, 2016	Overseeing the operations of our technology center
Mr. Shao Ke (邵珂) . . .	54	Deputy general Manager	September 2020	January 20, 2021	Overseeing our Group’s business development

None of our Directors and members of our senior management are related to the other Directors or members of senior management.

DIRECTORS

Executive Directors

Mr. Deng Xueqin (鄧學勤), aged 58, is our executive Director and chairman of our Board. Mr. Deng was appointed as a Director in March 2008 and was appointed as our executive Director and general manager in June 2014. He was re-appointed as a Director in July 2019, and was redesignated as an executive Director on September 29, 2025 with effect from the [REDACTED]. Outside of our Group, Mr. Deng has served as the general manager and chairman of the board of Genzon Investment since January 2003. He is also a Council Member of the inaugural Governing Board of The Chinese University of Hong Kong, Shenzhen, a Honorary Fellow, and the Chairman of the Board of Trustees its Diligentia College. Mr. Deng obtained a bachelor’s degree in industrial and civil architecture from Shenzhen University in the PRC in June 1989.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao Yanqing (趙彥輕), aged 43, is our executive Director and general manager of our Company. Mr. Zhao joined our Group in December 2013, serving successively as a manager of the marketing department and director of the pharmaceutical marketing center of Shenzhen Kexing Biological Engineering Co., Ltd. (深圳科興生物工程有限公同) until July 2016. After that, he served successively as our deputy general manager and executive deputy general manager from August 2016 to July 2019 (and was a director of the sales management center from December 2017 to August 2018), and has been our general manager since July 2019. He was appointed as a Director on August 6, 2018, and was redesignated as an executive Director on September 29, 2025 with effect from the [REDACTED]. Prior to joining our Group, Mr. Zhao served as a deputy manager in the enterprise management department of Guangdong Huamei Group Co. Ltd (廣東華美集團有限公同) from January 2006 to December 2013, where he was primarily responsible for its performance management, corporate systems management, information management and post-investment management. He is also the vice president of the seventh council of the China Pharmaceutical Quality Management Association (中國醫藥質量管理協會). Mr. Zhao obtained a master’s degree in business administration from Lanzhou University (蘭州大學) in the PRC in June 2016.

Ms. Cui Ning (崔寧), aged 48, is our executive Director and deputy general manager. Ms. Cui joined our Group in September 2010, serving successively as a deputy manager of the production department, manager of the production department, deputy general manager and general manager. She was appointed as a Director on August 6, 2018 and a deputy general manager of our Company in July 2019, and was redesignated as an executive Director on September 29, 2025 with effect from the [REDACTED]. Prior to joining our Group, Ms. Cui worked at Jinan Weikang Biochemical Pharmaceutical Co., Ltd. (濟南維爾康生化製藥有限公同) from August 1999 to March 2010. Ms. Cui obtained a diploma in bioengineering from Nanyang Institute of Technology (南陽理工學院) in the PRC in July 1999, and a bachelor’s degree in bioengineering from Shandong Light Industry Institute (山東輕工業學院) in the PRC in July 2003 through long distance learning courses. She was accredited as a senior engineer by the Jinan Municipal Human Resources and Social Security Bureau in April 2023.

Ms. Wang Xiaoqin (王小琴), aged 48, is our executive Director, chief financial officer and the secretary of our Board. Ms. Wang joined our Group in December 2018 serving as a deputy general manager and the chief financial officer of our Company. In July 2019, she no longer served as our deputy general manager and was appointed as the secretary of our Board. She was appointed as a Director on January 16, 2024, and was redesignated as an executive Director on September 29, 2025 with effect from the [REDACTED]. Prior to joining our Group, Ms. Wang held various senior positions at Genzon Investment from August 2008 to November 2018, including financial director of the financial center, deputy manager the financing center department, department manager, center deputy general manager, and deputy general manager of the capital center. Prior to that, Ms. Wang worked as financial manager and financial director of Shenzhen Rong’en Industrial Co., Ltd. (深圳市榮恩實業有限公同) from April 2005 to July 2008. Ms. Wang obtained a bachelor’s degree in finance from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in December 2017.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. Huang Kaikun (黃凱昆), aged 52, is our non-executive Director and core technical personnel. Mr. Huang joined our Group in May 1997, serving at Kexing Pharmaceutical successively as deputy manager of the quality inspection department, manager of the production department, and production director until February 2015. After that, he served as a technical director and deputy general manager at Shenzhen Tongyian Innovation Technology Co., Ltd. (深圳同益安創新技術有限公司) from March 2015 to May 2016, and a deputy general manager of the business development center and head of the production center of our Company from June 2016 to July 2019. Subsequently, he served as the chairman of the supervisory committee of our Company from August 2019 to July 2022, and head of production of our Company from October 2019 to October 2023. Currently, he is our core technical personnel and is responsible for the research and development, production and sales management of Shenzhen Xintianhe Biotechnology Co., Ltd. (深圳新天合生物科技有限公司), our subsidiary. He was appointed as an employee representative Director on August 29, 2025, and was redesignated as a non-executive Director on September 29, 2025 with effect from the [REDACTED]. Mr. Huang obtained a bachelor’s degree in biotechnology from South China Agricultural University (華南農業大學) in the PRC in July 1994, and a master’s degree in business administration from Hong Kong Baptist University (香港浸會大學) in Hong Kong in November 2007.

Independent Non-executive Directors

Mr. He Ruyi (何如意), aged 64, has been our independent Director since August 29, 2025 and was redesignated as an independent non-executive Director on September 29, 2025 with effect from the [REDACTED]. Prior to joining our Group, Mr. He was an independent director of Suzhou Zelgen Biopharmaceuticals Co., Ltd. (蘇州澤璟生物製藥股份有限公司, 688266.SH) from February 2019 to May 2025, and worked at RemeGen Co., Ltd. (榮昌生物製藥(煙台)股份有限公司, 9995.HK; 688331.SH) from January 2020 to February 2025, with his last position as executive director, chief strategic officer and core technical personnel. Before that, he was an independent director at BrightGene Bio-Medical Technology Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司, 688166.SH) from September 2023 to September 2024, and worked at SDIC Fund (國投招商) from September 2018 to January 2020. Previously, he was a chief scientist at the CFDA from July 2016, and worked at the FDA from 1999 to 2016. Mr. He obtained a bachelor’s degree in medicine in July 1983 and a master’s degree in medicine in July 1986 from China Medical University (中國醫科大學) in the PRC, and a doctoral degree in internal medicine from Howard University in the United States in June 1999.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fong Chun Fai (方俊輝), aged 47, has been our independent Director since August 29, 2025 and was redesignated as an independent non-executive Director on September 29, 2025 with effect from the [REDACTED]. Prior to joining our Group, Mr. Fong has been serving as the president of Mango Financial Group Limited (芒果金融有限公司) since October 2024 and an independent non-executive director of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (杭州銅師傅文創(集團)股份有限公司) since April 2025. Previously, Mr. Fong served as an advisor and chief financial officer of 91360 Medical Technology (Nanjing) Co., Ltd. (玖壹三陸零醫學科技南京有限公司) from September 2023 to September 2024, head of corporate finance and healthcare of Ping An Capital Hong Kong Co., Ltd. (中國平安資本香港有限公司) from October 2021 to September 2023, head of corporate finance and managing director at China Industrial Securities International Capital Limited (興證國際融資有限公司) from November 2019 to December 2020, executive director at Orient Capital (Hong Kong) Limited (東方融資(香港)有限公司) from August 2018 to October 2019, executive director of the investment banking department at BOCI Asia Limited (中銀國際亞洲有限公司) between July 2010 to August 2017, senior manager at BNP Paribas Peregrine (Asia Pacific) Capital Limited (法國巴黎百富勤融資(亞太)有限公司) from May 2005 to January 2009. Before that, he worked at ICEA Capital Limited (工商東亞融資有限公司) from May 2004 to May 2005, and was an auditor at Ernst & Young Hong Kong from September 2001 to February 2003. Mr. Fong obtained a bachelor's degree in actuarial science from The University of Hong Kong in Hong Kong in November 2001. He has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2006. He is currently the vice chairman of the Angel Investment Foundation (天使投資基金會) and a council member of the Hong Kong Securities and Futures Professionals Association (香港證券及期貨專業總會).

Mr. Zhang Hanbin (張漢斌), aged 59, has been our independent Director since August 29, 2025 and was redesignated as an independent non-executive Director on September 29, 2025 with effect from the [REDACTED]. Prior to joining our Group, Mr. Zhang has been serving as a chief partner of Shenzhen Mingding Certified Public Accountants (深圳銘鼎會計師事務所), a director of Shenzhen Jasic Technology Co., Ltd. (深圳市佳士科技股份有限公司, 300193.SZ), where he had been an independent director from January 2013 to February 2019) since April 2025, an independent director of Shenzhen Leaguer Co., Ltd. (深圳市力合科創股份有限公司, 002243.SZ) since September 2019, Sinosun Technology Co., Ltd. (深圳兆日科技股份有限公司, 300333.SZ) since May 2020, Medcaptain Medical Technology Co., Ltd. (深圳麥科田生物醫療技術股份有限公司) since November 2020, Shennan Circuits Co., Ltd. (深南電路股份有限公司, 002916.SZ) since October 2022. Previously, he was an independent director of OFILM Group Co., Ltd. (歐菲光集團股份有限公司, 002456.SZ) from September 2017 to October 2023 and Shenzhen Keanda Electronic Technology Corp., Ltd (深圳科安達電子科技股份有限公司, 002972.SZ) from April 2023 to December 2023. Before that, he served as a principal officer of the Shenzhen Institute of Certified Public Accountants (深圳市註冊會計師協會) from 2000 to 2004. Mr. Zhang obtained a diploma in financial accounting from Shenzhen University (深圳大學) in the PRC in July 1991, a master's degree in economics from the Party School of the Guangdong Provincial Committee of CPC (中共廣東省委黨校) in the PRC in July 1998 and a master's degree in international accounting from

DIRECTORS AND SENIOR MANAGEMENT

City University of Hong Kong (香港城市大學) in Hong Kong in November 2007. Mr. Zhang is a certified public accountant in the PRC and has been an overseas member of The Society of Chinese Accountants & Auditors (香港華人會計師公會) since May 2013.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. Mr. Deng Xueqin, Mr. Zhao Yanqing, Ms. Cui Ning and Ms. Wang Xiaoqin, our executive Directors, are also members of our senior management. For their biographies, see “— Directors — Executive Directors.”

Mr. Qin Suofu (秦鎖富), aged 61, has been our deputy general manager since January 20, 2021. He joined our Group as the dean of our pharmaceutical research institute since September 2020. Prior to joining our Group, Mr. Qin worked at Shanghai Kehua Bio-Engineering Co., Ltd. (上海科華生物工程股份有限公司, 002022.SZ) from September 2019 to May 2020, Changchun GeneScience Pharmaceutical Co., Ltd. (長春金賽藥業股份有限公司) from January 2016 to September 2019, Allergan, Inc. in the United States, and the National Institutes of Health in the United States as a researcher. Mr. Qin obtained a bachelor’s degree in pharmacy in July 1987 and a master’s degree in biochemistry in July 1990 from Shanghai Medical College of Fudan University (復旦大學上海醫學院) in the PRC and a doctoral degree in biochemistry from Fukui Medical University in Japan in March 1998.

Ms. Ma Hongjie (馬鴻傑), aged 54, has been our deputy general manager since August 1, 2016. Ms. Ma joined our Group in July 1996 at Shenzhen Kexing Biotech Co., Ltd. (深圳科興生物工程股份有限公司), where she successively served as deputy manager of the production department, manager of the quality management department, quality director, technical director, and deputy general manager until July 2016. Besides joining our Company as deputy general manager, Ms. Ma was also the director of our pharmaceutical research institute from August 2016 to July 2019 and head of our research and development department from July 2019 to September 2020, and has since been the general manager of our technology center. Within our Group, Ms. Ma was the general manager of Shenzhen Tongan Pharmaceutical Co., Ltd. (深圳同安醫藥有限公司), our then subsidiary, from July 2018 to June 2025, and has served as a director of Kexing Pharmaceutical since August 2018 and a supervisor of Guangzhou Anhe Animal Health Biotechnology Co., Ltd. (廣州安合動保生物科技有限公司) since November 2022, each a subsidiary of our Company. Ms. Ma obtained a bachelor’s degree in preventive medicine in July 1993 and a master’s degree in microbiology in July 1996 from Xi’an Medical University (西安醫科大學) in the PRC.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Shao Ke (邵珂), aged 54, has been our deputy general manager since January 20, 2021. He joined our Group as our vice president in business development in September 2020. Prior to joining our Group, Mr. Shao served as deputy general manager and chief marketing officer of Airen (Suzhou) Pharmaceutical Technology Co., Ltd. (愛仁(蘇州)醫藥科技有限公司) from June 2018 to July 2020, vice president of Mabtech Holdings Limited (香港邁博太科控股有限公司) and managing director of Asia Biotech Ltd. Pte. (新加坡亞洲生物技術私人有限公司) from 2015 to 2018, chief marketing officer of Shanghai Newsummit Biopharma Group Co., Ltd. (上海新生源生物醫藥集團有限公司) from June 2009 to May 2015, a postdoctoral researcher at the National Cancer Centre Singapore (新加坡國立癌症中心) from 2005 to 2007, deputy director of the Technology and Marketing Department and head of the New Drug Research Institute of Shanghai Hualian Pharmaceutical Co., Ltd. (上海華聯製藥有限公司) from 1999 to 2001. Mr. Shao obtained a bachelor’s degree in biochemical engineering from East China University of Science and Technology (華東理工大學) in the PRC in July 1993, a master’s degree in microbiology and biochemical pharmacy from Shanghai Institute of Pharmaceutical Industry (上海醫藥工業研究院) in the PRC in October 1999, and a doctoral degree in biochemistry from the National University of Singapore in Singapore in March 2010.

JOINT COMPANY SECRETARIES

Ms. Wang Xiaoqin (王小琴), our executive Director, chief financial officer and secretary of the Board, has been appointed as our joint company secretary. For the biographical details of Ms. Wang, see “— Directors — Executive Directors.”

Ms. Wan Wing Yi Carol (溫詠宜) has been appointed as our joint company secretary. Ms. Wan is a manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 11 years of experience in corporate secretarial industry. Ms. Wan is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Wan graduated from The University of London in the United Kingdom and admitted to the Bachelor of Science in Business. She also received the Master of Corporate Governance from The Open University of Hong Kong (currently known as The Hong Kong Metropolitan University) in Hong Kong.

FURTHER INFORMATION ABOUT OUR DIRECTORS

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on September 29, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he has 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; and (iii) that there are no other factors that may affect his independence at the time of his appointment.

DIRECTORS AND SENIOR MANAGEMENT

Each of our Directors confirms that he/she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

On July 29, 2024 and August 6, 2024, the Shandong Regulatory Bureau of the CSRC issued a caution letter and the Shanghai Stock Exchange issued a regulatory caution (collectively, the “**Regulatory Measures**”) to Mr. Deng Xueqin (鄧學勤), Mr. Zhao Yanqing (趙彥輕), Ms. Wang Xiaoqin (王小琴) and our Company, respectively. According to the Regulatory Measures, (i) our estimate results for the year ended December 31, 2023 were inaccurate, resulting in discrepancy from the final results disclosed in the 2023 annual report; (ii) we failed to ensure continuity of voluntary disclosure as we did not announce the termination of a project’s clinical trial in time; and (iii) we were involved in non-compliant use of proceeds as certain funds were applied on non-principal-guaranteed wealth management products.

Following receipt of the Regulatory Measures, our Company has implemented rectification measures in accordance with the requirements thereof and the relevant PRC laws and regulations, including, among others, enhancing our internal controls over information disclosure and analysis of financial performance, improving the training of responsible staff on relevant laws and regulations, and strengthening our supervision on the use of proceeds. As of the Latest Practicable Date, all such incidents had been concluded, and no further regulatory actions had been taken against our Company, Mr. Deng, Mr. Zhao or Ms. Wang by the relevant authorities in respect of the matters cited in the Regulatory Measures.

Our Company has completed the required rectification and submitted a rectification report to the relevant authorities. As advised by our PRC Legal Advisor, (i) the Regulatory Measures are administrative regulatory measures implemented by the relevant authorities and do not constitute administrative penalties or public censure under applicable PRC laws, regulations or securities regulatory rules, and do not constitute major administrative regulatory measure; and (ii) the Regulatory Measures do not affect the eligibility of Mr. Deng, Mr. Zhao and Ms. Wang to serve as directors and/or senior management of a listed company under applicable PRC laws, regulations or securities regulatory rules.

Given (i) our Company has completed rectification of the matters set out in the Regulatory Measures in the prescribed time frame and submitted a rectification report to the Shandong Regulatory Bureau of the CSRC and the Shanghai Stock Exchange; (ii) our PRC Legal Advisor’s view above; and (iii) the incidents concerning the Regulatory Measures have been concluded and did not entail fraud, deceit or dishonest on the part of the relevant Directors, our Directors are of the view that the incident does not impugn the suitability of Mr. Deng, Mr. Zhao and Ms. Wang to serve as our Directors under Rule 3.08 or 3.09 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in this section, (i) none of our Directors held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; and (ii) to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference 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 “**Corporate Governance Code**”). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises Mr. Zhang Hanbin, Mr. Fong Chun Fai and Mr. Huang Kaikun with Mr. Zhang Hanbin (being our independent non-executive Director with appropriate professional qualifications) as the chairman.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. He Ruyi, Mr. Zhang Hanbin and Mr. Zhao Yanqing, with Mr. He Ruyi as the chairman.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Mr. Zhang Hanbin, Mr. Fong Chun Fai and Ms. Wang Xiaoqin, with Mr. Zhang Hanbin as the chairman.

DIRECTORS AND SENIOR MANAGEMENT

Strategy Committee

Our Board has established a strategy committee (the “**Strategy Committee**”) with written terms of reference. The primary duties of the Strategy Committee are to research on making recommendations to our Board on our long-term development strategies and major decisions. The Strategy Committee comprises Mr. He Ruyi, Mr. Fong Chun Fai, Mr. Zhao Yanqing and Ms. Cui Ning, with Mr. He Ruyi as the chairman.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon [REDACTED].

Board Diversity

Our Company has 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 and sees increasing diversity at the Board level, 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. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of two female and six male Directors ranging from [43] to [64] years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to industry experience relevant to our Group’s operations and business. They obtained degrees in various majors including medical, economics and accounting. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the [REDACTED], our Nomination Committee will monitor and evaluate the implementation of our board diversity policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for

DIRECTORS AND SENIOR MANAGEMENT

consideration and approval. The Nomination Committee will also include in annual reports the biographical details of each Director and a summary of the board diversity policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of fees, basic salaries, allowances and benefits in kind, contributions to pension schemes and discretionary bonuses. We determine the remuneration of our Directors based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were RMB2.3 million, RMB2.3 million, RMB4.0 million and RMB2.4 million, respectively. None of our Directors have waived or agreed to waive any emoluments for each of the same periods.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2025 to be approximately RMB5.8 million.

The five highest paid individuals of our Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 included nil, nil, one and one Director(s), respectively. During the same periods, the aggregate amounts of remuneration of the five highest paid individuals were RMB8.6 million, RMB9.8 million, RMB8.5 million and RMB4.7 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors or the five highest paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

See “Statutory and General Information — D. 2024 Restricted Share Incentive Plan” in Appendix V for details of the incentive plan for our Directors, senior management and key employees.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, among other things, advise our Company in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the [REDACTED] in a manner different from that detailed in this document or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and
- (d) where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the price or trading volume of our listed securities or any other matters under Rule 13.10 of the Listing Rules.

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].

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Growth Strategies” for further details of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the [REDACTED] of approximately HK\$[REDACTED] (after deducting the [REDACTED] fees and other estimated expenses payable by us in connection with the [REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] range stated in this document, and assuming the [REDACTED] is not exercised.

We intend to use the net proceeds from the [REDACTED] for the following purposes:

- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to research and development (R&D) of innovative drug pipeline, which includes:
 - Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to clinical and non-clinical research of GB18 (GDF15 mAb). Specifically, approximately HK\$[REDACTED] will be allocated to Phase I clinical research; approximately HK\$[REDACTED] will be allocated to the Phase II clinical research; and approximately HK\$[REDACTED] will be allocated to the Phase III clinical research.
 - Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to clinical and non-clinical research of GB12 (IL-4R α /IL-31R bispecific antibody). Specifically, approximately HK\$[REDACTED] will be allocated to preclinical and non-clinical research; approximately HK\$[REDACTED] will be allocated to the Phase I clinical research; and approximately HK\$[REDACTED] will be allocated to the Phase II clinical research.
 - Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to clinical and non-clinical research of GB10 (mRNAVEGF/ANG-2 bispecific antibody). Specifically, approximately HK\$[REDACTED] will be allocated to preclinical and non-clinical research; approximately HK\$[REDACTED] will be allocated to the Phase I clinical research; and approximately HK\$[REDACTED] will be allocated to the Phase II clinical research.

FUTURE PLANS AND USE OF PROCEEDS

- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to clinical and non-clinical research of GB23 (PD1/IFN/GPC3 trispecific antibody). Specifically, approximately HK\$[REDACTED] will be allocated to preclinical and non-clinical research; and approximately HK\$[REDACTED] will be allocated to the Phase I clinical research.
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to clinical and non-clinical research of GB25(CD3/CDH17/CDH17 trispecific antibody). Specifically, approximately HK\$[REDACTED] will be allocated to preclinical and non-clinical research; and approximately HK\$[REDACTED] will be allocated to the Phase I clinical research.
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to clinical and non-clinical research of GB24 (TL1A/LIGHT bispecific antibody). Specifically, approximately HK\$[REDACTED] will be allocated to preclinical and non-clinical research; and approximately HK\$[REDACTED] will be allocated to the Phase I clinical research.
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to clinical and non-clinical research of other drug candidates.
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to screening and development of biosimilars. We plan to identify product candidates globally with large market potential and moderate competition for development and commercialization, positioning us favorably for the next round of global biosimilar competition.
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to introduction of high-value drug pipeline. To further expand our product portfolio, we will continue to seek potential commercial licensing and collaboration opportunities to introduce high-value and clinically validated drug pipelines, and facilitate registration and market launch by leveraging our extensive experience in commercialization.
- Approximately HK\$[REDACTED] (or approximately [REDACTED]% of the net proceeds) will be allocated to the development of overseas marketing team, working capital and general corporate purposes. To enhance our overseas market operating capabilities, we plan to establish localized commercial teams in Egypt, Germany, Singapore, Mexico, Brazil, Colombia, and other locations.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the [REDACTED] is set at the high point or the low point of the indicative [REDACTED] range, being HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], respectively, the net proceeds of the [REDACTED] (assuming that the [REDACTED] is not exercised) will increase by approximately HK\$[REDACTED] or decrease by approximately HK\$[REDACTED], respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis. If the [REDACTED] is exercised in full, we estimate that we will receive total net proceeds of approximately HK\$[REDACTED] at the low-end of the indicative [REDACTED] range of HK\$[REDACTED] per [REDACTED] and HK\$[REDACTED] at the high-end of the indicative [REDACTED] range of HK\$[REDACTED] per [REDACTED], after deducting the estimated [REDACTED] fees and expenses payable by us. If the [REDACTED] is exercised, we intend to apply such additional net proceeds for the above uses on a pro-rata basis.

In the event that the net proceeds are insufficient to fund the above purposes, we intend to finance the shortfall through cash generated from operating activities, bank loans and other borrowings.

To the extent that the net proceeds from the [REDACTED] are not immediately required for the above purposes, we will, in the best interests of the Company, only place the net proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance and applicable laws and regulations in other jurisdictions. We will make an appropriate announcement if there is any material change to the above proposed use of proceeds.

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[●], received from the Company’s reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF KEXING BIOPHARM CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Kexing Biopharm Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, 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 for each of the years ended 31 December 2022, 2023 and 2024 (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-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of H 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 presentation and 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” as issued by the Hong Kong Institute of Certified Public Accountants (“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.

APPENDIX I

ACCOUNTANTS’ REPORT

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’ judgment, 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 presentation and 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 consolidated financial position of the Group as at 31 December 2022, 2023 and 2024, the financial position of the Company as at 31 December 2022, 2023 and 2024, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in note 2 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group as at 30 June 2025, the statement of financial position of the Company as at 30 June 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 for the six months ended 30 June 2024 and 2025 and other explanatory information (the “Interim Financial Information”). The directors of the Company are responsible for the presentation and preparation of the Interim Financial Information in accordance with the basis of presentation and preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the International Auditing and Assurance Standards Board (“IAASB”). 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 International 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 Interim Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and 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 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

[REDACTED]

[●]

Practising Certificate Number: [●]

APPENDIX I

ACCOUNTANTS’ REPORT

I. 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, were audited by Grant Thornton Hong Kong Limited in accordance with International Standards on Auditing as issued by the IAASB (the “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.

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of profit or loss and other comprehensive income

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	5	1,315,876	1,259,036	1,406,925	759,895	700,465
Cost of revenue		(324,164)	(367,752)	(440,527)	(217,468)	(255,257)
Gross profit		991,712	891,284	966,398	542,427	445,208
Other income	6(a)	5,210	9,556	25,926	4,315	17,855
Other gains and losses, net . . .	6(b)	6,470	9,121	(18,909)	(9,046)	31,473
Selling expenses		(827,734)	(689,290)	(596,765)	(334,860)	(254,953)
Research and development expenses		(193,297)	(344,797)	(168,050)	(80,326)	(81,663)
Administrative and other operating expenses		(96,263)	(101,849)	(104,890)	(54,569)	(52,194)
(Provision)/Reversal of provision for impairment of assets, net	8	(2,120)	366	(5,278)	(6,217)	(1,508)
Operating (loss)/profit		(116,022)	(225,609)	98,432	61,724	104,218
Finance income	7	7,312	6,643	3,627	2,112	1,473
Finance costs	7	(30,354)	(41,126)	(45,066)	(21,843)	(21,528)
Finance costs, net	7	(23,042)	(34,483)	(41,439)	(19,731)	(20,055)
Share of result of an associate .	19	–	23	(91)	(14)	(33)
(Loss)/Profit before income tax	8	(139,064)	(260,069)	56,902	41,979	84,130
Income tax credit/(expense) . .	10	46,240	64,583	(29,854)	(32,518)	(5,166)
(Loss)/Profit for the year/period		(92,824)	(195,486)	27,048	9,461	78,964
Other comprehensive (loss)/income						
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
– Fair value change on equity investment at fair value through other comprehensive income (“FVTOCI”), net of tax		–	–	731	–	–

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	(unaudited)
Item that will be reclassified subsequently to profit or loss:						
– Exchange differences on translation of foreign operations		–	(6)	389	345	(26)
Other comprehensive (loss)/income for the year/period, net of tax		–	(6)	1,120	345	(26)
Total comprehensive (loss)/income for the year/period		(92,824)	(195,492)	28,168	9,806	78,938
(Loss)/Profit for the year/period attributable to:						
Owners of the Company.	11	(90,295)	(190,290)	31,480	11,877	80,346
Non-controlling interests		(2,529)	(5,196)	(4,432)	(2,416)	(1,382)
		(92,824)	(195,486)	27,048	9,461	78,964
Total comprehensive (loss)/income for the year/period attributable to:						
Owners of the Company.		(90,295)	(190,296)	32,600	12,222	80,320
Non-controlling interests		(2,529)	(5,196)	(4,432)	(2,416)	(1,382)
		(92,824)	(195,492)	28,168	9,806	78,938
(Loss)/Earnings per share attributable to owners of the Company						
Basic (in RMB per share). . . .	13(a)	(0.45)	(0.96)	0.16	0.06	0.41
Diluted (in RMB per share) . .	13(b)	(0.45)	(0.96)	0.16	0.06	0.40

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of financial position

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	1,028,854	1,180,178	1,152,756	1,121,068
Right-of-use assets	15	57,735	42,294	44,826	39,310
Investment properties	16	23,241	21,933	20,607	19,970
Intangible assets	17	145,499	138,941	236,772	249,879
Investment in an associate	19	–	4,023	3,932	3,899
Financial assets at fair value through profit or loss (“FVTPL”)	20	242,108	226,297	183,614	241,054
Financial assets at FVTOCI	21	15,000	15,000	15,860	15,860
Other receivables	23	174,099	134,828	98,839	74,701
Deferred tax assets	30	66,854	133,976	117,218	120,359
		<u>1,753,390</u>	<u>1,897,470</u>	<u>1,874,424</u>	<u>1,886,100</u>
Current assets					
Inventories	22	208,182	191,365	141,809	128,901
Trade and other receivables	23	392,810	317,142	528,186	608,860
Tax recoverable		1,869	–	–	–
Financial assets at FVTPL	20	–	–	–	173,177
Financial assets at FVTOCI	21	23,064	56,322	63,252	73,458
Pledged deposits	24	1,412	8,866	1,610	1,562
Cash and cash equivalents	24	783,971	559,931	552,952	446,234
		<u>1,411,308</u>	<u>1,133,626</u>	<u>1,287,809</u>	<u>1,432,192</u>
Current liabilities					
Trade and other payables	25	287,641	247,926	281,792	245,694
Contract liabilities	26	17,382	19,636	9,181	13,810
Bank borrowings	28	214,479	395,730	582,375	643,226
Lease liabilities	29	19,870	6,705	12,447	10,203
Income tax payable		–	–	602	332
		<u>539,372</u>	<u>669,997</u>	<u>886,397</u>	<u>913,265</u>
Net current assets		<u>871,936</u>	<u>463,629</u>	<u>401,412</u>	<u>518,927</u>
Total assets less current liabilities		<u>2,625,326</u>	<u>2,361,099</u>	<u>2,275,836</u>	<u>2,405,027</u>
Non-current liabilities					
Deferred income	27	749	5,322	3,151	2,902
Bank borrowings	28	779,229	695,840	611,179	696,475
Lease liabilities	29	24,962	17,786	14,784	11,744
Deferred tax liabilities	30	14,546	11,356	7,476	8,793
		<u>819,486</u>	<u>730,304</u>	<u>636,590</u>	<u>719,914</u>
Net assets		<u>1,805,840</u>	<u>1,630,795</u>	<u>1,639,246</u>	<u>1,685,113</u>
EQUITY					
Share capital	31(a)	198,701	199,199	199,642	201,257
Reserves	33	1,609,668	1,426,822	1,435,266	1,480,900
Equity attributable to owners of the Company		<u>1,808,369</u>	<u>1,626,021</u>	<u>1,634,908</u>	<u>1,682,157</u>
Non-controlling interests		(2,529)	4,774	4,338	2,956
Total equity		<u>1,805,840</u>	<u>1,630,795</u>	<u>1,639,246</u>	<u>1,685,113</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Statements of financial position of the Company

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	995,970	1,142,579	1,107,236	1,078,765
Right-of-use assets	15	29,295	21,057	25,581	22,599
Investment properties	16	23,241	21,933	27,124	26,496
Intangible assets	17	144,201	129,612	205,795	215,998
Investments in subsidiaries	18	291,513	361,005	368,737	371,722
Investment in an associate	19	–	4,023	3,932	3,899
Financial assets at FVTPL	20	242,108	226,297	183,614	241,054
Other receivables	23	165,946	114,323	92,247	62,699
Deferred tax assets	30	39,973	53,261	29,862	30,568
		1,932,247	2,074,090	2,044,128	2,053,796
Current assets					
Inventories	22	176,067	163,350	121,260	107,317
Trade and other receivables	23	282,228	272,343	453,015	528,768
Tax recoverable		1,499	–	–	–
Financial assets at FVTPL	20	–	–	–	173,177
Financial assets at FVTOCI	21	19,026	37,910	47,595	53,118
Pledged deposits	24	1,412	8,866	1,361	1,361
Cash and cash equivalents	24	583,121	397,892	370,423	251,861
		1,063,353	880,361	993,654	1,115,602
Current liabilities					
Trade and other payables	25	395,171	289,447	248,794	217,872
Contract liabilities	26	12,515	18,464	8,504	13,140
Bank borrowings	28	166,399	373,330	465,039	516,615
Lease liabilities	29	9,321	1,587	5,487	3,709
Income tax payable		–	–	602	332
		583,406	682,828	728,426	751,668
Net current assets		479,947	197,533	265,228	363,934
Total assets less current liabilities .		2,412,194	2,271,623	2,309,356	2,417,730
Non-current liabilities					
Deferred income	27	–	1,379	1,178	1,077
Bank borrowings	28	673,229	557,540	566,979	638,265
Lease liabilities	29	1,595	–	937	–
Deferred tax liabilities	30	9,266	7,985	4,221	6,058
		684,090	566,904	573,315	645,400
Net assets		1,728,104	1,704,719	1,736,041	1,772,330
EQUITY					
Share capital	31(a)	198,701	199,199	199,642	201,257
Reserves	33	1,529,403	1,505,520	1,536,399	1,571,073
Total equity		1,728,104	1,704,719	1,736,041	1,772,330

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ACCOUNTANTS’ REPORT

Consolidated statements of changes in equity

	Attributable to owners of the Company								
	Share capital	Treasury share	Capital reserve	Other reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 31(a))	(note 31(b))							
As at 1 January 2022	198,701	-	1,266,228	-	19,852	425,907	1,910,688	-	1,910,688
Loss for the year	-	-	-	-	-	(90,295)	(90,295)	(2,529)	(92,824)
Total comprehensive loss	-	-	-	-	-	(90,295)	(90,295)	(2,529)	(92,824)
2021 final dividend (note 12)	-	-	-	-	-	(19,870)	(19,870)	-	(19,870)
Equity settled share-based payments ..	-	-	7,846	-	-	-	7,846	-	7,846
Transactions with owners	-	-	7,846	-	-	(19,870)	(12,024)	-	(12,024)
As at 31 December 2022	198,701	-	1,274,074	-	19,852	315,742	1,808,369	(2,529)	1,805,840

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ACCOUNTANTS’ REPORT

Attributable to owners of the Company								
Share capital	Treasury share	Capital reserve	Other reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
RMB'000 <i>(note 31(a))</i>	RMB'000 <i>(note 31(b))</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	1,274,074	—	19,852	315,742	1,808,369	(2,529)	1,805,840
Loss for the year	—	—	—	—	(190,290)	(190,290)	(5,196)	(195,486)
Other comprehensive loss	—	—	(6)	—	—	(6)	—	(6)
Total comprehensive loss	—	—	(6)	—	(190,290)	(190,296)	(5,196)	(195,492)
Exercise of restricted shares								
(as defined in <i>note 32</i>)	498	7,321	—	—	—	7,819	—	7,819
Equity settled share-based payments ..	—	7,719	—	—	—	7,719	—	7,719
Contribution from non-controlling interests								
.....	—	—	—	—	—	—	4,909	4,909
Capital contribution to a subsidiary ..	—	(7,590)	—	—	—	(7,590)	7,590	—
Transactions with owners.....	498	7,450	—	—	—	7,948	12,499	20,447
As at 31 December 2023.....	199,199	1,281,524	(6)	19,852	125,452	1,626,021	4,774	1,630,795

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ACCOUNTANTS’ REPORT

	Attributable to owners of the Company								
	Share capital	Treasury share	Capital reserve	Other reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 31(a))	(note 31(b))							
As at 1 January 2024	199,199	–	1,281,524	(6)	19,852	125,452	1,626,021	4,774	1,630,795
Profit/(Loss) for the year	–	–	–	–	–	31,480	31,480	(4,432)	27,048
Other comprehensive income	–	–	–	1,120	–	–	1,120	–	1,120
Total comprehensive income/(loss)	–	–	–	1,120	–	31,480	32,600	(4,432)	28,168
Exercise of restricted shares	443	–	6,521	–	–	–	6,964	–	6,964
Equity settled share-based payments	–	–	4,444	–	–	–	4,444	–	4,444
Repurchase of shares	–	(31,120)	(5)	–	–	–	(31,125)	–	(31,125)
Capital contribution to a subsidiary	–	–	(3,996)	–	–	–	(3,996)	3,996	–
Appropriation of statutory reserve	–	–	–	–	5,104	(5,104)	–	–	–
Transactions with owners	443	(31,120)	6,964	–	5,104	(5,104)	(23,713)	3,996	(19,717)
As at 31 December 2024	199,642	(31,120)	1,288,488	1,114	24,956	151,828	1,634,908	4,338	1,639,246

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ACCOUNTANTS’ REPORT

	Attributable to owners of the Company								
	Share capital	Treasury share	Capital reserve	Other reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 (audited).	199,199	–	1,281,524	(6)	19,852	125,452	1,626,021	4,774	1,630,795
Profit/(Loss) for the period.	–	–	–	–	–	11,877	11,877	(2,416)	9,461
Other comprehensive income	–	–	–	345	–	–	345	–	345
Total comprehensive income/(loss)	–	–	–	345	–	11,877	12,222	(2,416)	9,806
Equity settled share-based payments.	–	–	3,108	–	–	–	3,108	–	3,108
Repurchase of shares (note 31(b))	–	(31,120)	(5)	–	–	–	(31,125)	–	(31,125)
Capital contribution to a subsidiary	–	–	(3,996)	–	–	–	(3,996)	3,996	–
Transactions with owners.	–	(31,120)	(893)	–	–	–	(32,013)	3,996	(28,017)
As at 30 June 2024 (unaudited)	199,199	(31,120)	1,280,631	339	19,852	137,329	1,606,230	6,354	1,612,584

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ACCOUNTANTS’ REPORT

	Attributable to owners of the Company								
	Share capital	Treasury share	Capital reserve	Other reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
	(note 31(a))		(note 31(b))						
As at 1 January 2025 (audited).	199,642	(31,120)	1,288,488	1,114	24,956	151,828	1,634,908	4,338	1,639,246
Profit/(Loss) for the period.	–	–	–	–	–	80,346	80,346	(1,382)	78,964
Other comprehensive loss	–	–	–	(26)	–	–	(26)	–	(26)
Total comprehensive (loss)/income	–	–	–	(26)	–	80,346	80,320	(1,382)	78,938
2024 final dividend (note 12).	–	–	–	–	–	(15,779)	(15,779)	–	(15,779)
Exercise of restricted shares	1,615	–	21,731	–	–	–	23,346	–	23,346
Equity settled share-based payments.	–	–	6,749	–	–	–	6,749	–	6,749
Repurchase of shares	–	(47,382)	(5)	–	–	–	(47,387)	–	(47,387)
Transactions with owners.	1,615	(47,382)	28,475	–	–	(15,779)	(33,071)	–	(33,071)
As at 30 June 2025 (unaudited).	201,257	(78,502)	1,316,963	1,088	24,956	216,395	1,682,157	2,956	1,685,113

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of cash flows

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Cash flows from operating activities						
(Loss)/Profit before income tax . . .		(139,064)	(260,069)	56,902	41,979	84,130
Adjustments for:						
Depreciation and amortisation . . .	8	80,938	99,191	104,162	50,307	55,325
Provision/(Reversal of provision)						
for impairment of assets, net . . .	8	2,120	(366)	5,278	6,217	1,508
Gain on disposal of a subsidiary. . .	6(a)	—	—	—	—	(15,274)
(Gain)/Loss on disposal of						
property, plant and equipment,						
net	6(b)	(250)	1	(77)	(101)	115
Gain on early termination of						
leases	6(b)	(1,213)	(282)	—	—	—
Written-off of property, plant and						
equipment	6(b)	416	1,604	172	93	113
Unrealised fair value changes on						
financial assets at FVTPL, net. . .	6(b)	5,351	(239)	29,189	13,850	(15,617)
Realised fair value changes on						
financial assets at FVTPL, net . .	6(b)	(3,828)	(6,911)	(9,630)	(4,008)	(8,118)
Interest expense	7	30,354	41,126	45,066	21,843	21,528
Interest income	7	(7,312)	(6,643)	(3,627)	(2,112)	(1,473)
Share of result of an associate . . .	19	—	(23)	91	14	33
Equity settled share-based						
payments	9(a)	7,846	7,719	4,444	3,108	6,749
Operating cash flows before						
working capital changes		(24,642)	(124,892)	231,970	131,190	129,019
(Increase)/Decrease in inventories .		(36,524)	4,709	45,887	33,308	11,930
(Increase)/Decrease in trade and						
other receivables		(7,583)	42,957	(218,615)	(171,925)	(89,263)
(Decrease)/Increase in trade and						
other payables		(42,588)	(37,467)	36,655	(16,968)	(35,950)
Increase/(Decrease) in contract						
liabilities		10,223	2,254	(10,455)	(14,770)	4,629
(Decrease)/Increase in deferred						
income		(244)	4,573	(2,171)	(1,635)	(249)
Decrease/(Increase) in pledged						
deposits.		646	(7,454)	7,256	7,438	48
Cash (used in)/generated from						
operations		(100,712)	(115,320)	90,527	(33,362)	20,164
Interest paid		(1,650)	(406)	(214)	—	(358)
Income taxes refunded/(paid). . . .		6,389	(3,859)	(16,249)	(15,488)	(3,165)
Net cash (used in)/from operating						
activities		(95,973)	(119,585)	74,064	(48,850)	16,641

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ACCOUNTANTS’ REPORT

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Cash flows from investing activities						
Acquisition of an associate	19	—	(4,000)	—	—	—
Proceeds from disposal of financial assets at FVTPL		1,393,828	1,990,960	1,957,389	946,049	810,388
Proceeds from disposal of property, plant and equipment .		1,779	—	38	3	953
Proceeds from disposal of a subsidiary		—	—	—	—	13,500
Proceeds from disposal of other assets		17,371	20,957	1,891	1,676	170
Purchases of property, plant and equipment and intangibles assets		(384,169)	(191,201)	(93,991)	(50,906)	(29,949)
Purchases of financial assets at FVTPL		(1,395,255)	(1,972,963)	(1,969,452)	(1,018,200)	(996,427)
Purchase of financial asset at FVTOCI		(15,000)	—	—	—	—
<i>Net cash used in investing activities</i>		(381,446)	(156,247)	(104,125)	(121,378)	(201,365)
Cash flows from financing activities						
Proceeds from exercise of restricted shares		—	12,728	6,965	—	19,251
Repurchase of shares		—	—	(31,125)	(31,125)	(47,387)
Proceeds from bank borrowings . .	35	1,027,086	453,074	661,450	326,345	433,762
Repayment of bank borrowings . .	35	(573,008)	(355,210)	(559,466)	(218,535)	(287,615)
Payment of lease liabilities	35	(17,899)	(17,676)	(10,307)	(5,375)	(4,687)
Interest paid		(35,128)	(44,219)	(44,824)	(22,172)	(20,590)
Dividend paid	12	(19,870)	—	—	—	(15,779)
Others		—	—	(1,002)	(1,484)	17
<i>Net cash from financing activities .</i>		381,181	48,697	21,691	47,654	76,972
Net decrease in cash and cash equivalents						
		(96,238)	(227,135)	(8,370)	(122,574)	(107,752)
Cash and cash equivalents at the beginning of the year/period. . .		874,777	783,971	559,931	559,931	552,952
Effect of foreign exchange rate changes		5,432	3,095	1,391	971	1,034
Cash and cash equivalents at the end of the year/period		783,971	559,931	552,952	438,328	446,234

APPENDIX I

ACCOUNTANTS’ REPORT

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”) on 22 August 1997 and subsequently the Company’s A shares are listed on the Shanghai Stock Exchange on 14 December 2020. The address of the Company’s registered office and its principal place of business is No. 2666, Chuangye Road, Bucun Street, Zhangqiu District, Jinan Shandong, the PRC.

The Company’s immediate holding is Shenzhen Keyi Pharmaceutical Holdings Co., Ltd. (深圳科益醫藥控股有限公司), a company incorporated in the PRC. The directors consider the ultimate holding is Genzon Investment Group Co., Ltd. (正中投資集團有限公司), a company incorporated in the PRC and controlled by Mr. Deng Xueqin.

The Company and its subsidiaries are principally engaged in the research, development, production and sales of pharmaceutical products.

In this Historical Financial Information, certain English names of the companies referred herein represent management’s best effort to translate the Chinese names of the companies as no English names have been registered.

At the date of this Historical Financial Information, the Company’s principal subsidiaries are as follows:

Company name	Place of establishment/ incorporation and operation	Share capital (in thousand)	Percentage of equity attributable to the Company				Equity attributable to the Company	Principal activity
			As at 31 December			As at 30 June		
			2022	2023	2024	2025		
Shenzhen Kexing Pharmaceutical Co., Ltd. (深圳科興藥業有限公司) (note (a)).	The PRC	RMB230,000	100%	100%	100%	100%	Direct	Production, sales and research and development of pharmaceutical products
Qingdao Tuoyi Technology Co., Ltd. (青島拓益科技有限公司) (note (b))	The PRC	RMB40,000	100%	100%	100%	100%	Direct	Pharmaceutical promotion services
Kexing Risedo Pharm Co., Ltd. (深圳科興醫藥有限公司) (note (c))	The PRC	RMB5,000	100%	100%	100%	100%	Direct	Sales of pharmaceutical products

Notes:

- (a) The audited financial statements of this entity for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC Accounting Standards for Business Enterprises (“PRC GAAP”) were audited by Da Hua Certified Public Accountants (Special General Partnership), the PRC.

The audited financial statements of this entity for the year ended 31 December 2024 prepared in accordance with the PRC GAAP were audited by Grant Thornton Zhitong Certified Public Accountants LLP, the PRC.

- (b) No audited financial statements were issued for this entity for the years ended 31 December 2022, 2023 and 2024.

- (c) No audited financial statements were issued for this entity for the years ended 31 December 2022 and 2023. The audited financial statements of this entity for the year ended 31 December 2024 prepared in accordance with the PRC GAAP were audited by Grant Thornton Zhitong Certified Public Accountants LLP, the PRC.

APPENDIX I

ACCOUNTANTS’ REPORT

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”), which collective term includes all applicable individual IFRS accounting standards, International Accounting Standards (“IASs”) and Interpretations (“IFRS Accounting Standards”).

All IFRS Accounting Standards effective for the accounting period beginning on 1 January 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period and six months ended 30 June 2025. The early adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Group during the Track Record Period and six months ended 30 June 2025.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised below. These policies have been consistently applied to all the years/periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS Accounting Standards . . .	Annual Improvements to IFRS Accounting Standards — Volume 11 ¹

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective date not yet determined

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, replaces 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 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18 and other amended IFRS Accounting Standards, will be effective for annual period beginning on or after 1 January 2027, with early adoption permitted. The adoption of the new standard is not expected to have material impact on the Group’s financial performance and financial position but is expected to affect the disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group’s Historical Financial Information.

Except for the IFRS 18, the directors of the Company anticipate that the adoption of these new and amended IFRS Accounting Standards will have no material impact on the Group’s Historical Financial Information in the foreseeable future.

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ACCOUNTANTS’ REPORT

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within the equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group’s investments in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate.

In the Company’s statements of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee’s pre or post-acquisition profits are recognised in the Company’s profit or loss.

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Associate

Associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In Historical Financial Information, an investment in an associate is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group’s share of the associate’s profit or loss in the period in which the investment is acquired.

Under the equity method, the Group’s investment in the associate is carried at cost and adjusted for the post-acquisition changes in the Group’s share of the associate’s net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group’s share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on the investment in an associate recognised for the year. The Group’s other comprehensive income for the year includes its share of the associate’s other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group’s investment in the associate. Where unrealised losses on assets sales between the Group and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Group’s perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate’s accounting policies to those of the Group when the associate’s financial statements are used by the Group in applying the equity method.

When the Group’s share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group’s investment in the associate is the carrying amount of the investment under the equity method together with the Group’s other long-term investments that in substance form part of the Group’s net investment in the associate, after applying the expected credit loss (“ECL”) model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group’s investment in its associate. At the end of each reporting period, the Group determines whether there is any objective evidence that the investment in an associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e., higher of value-in-use and fair value less costs of disposal) of the associate and its carrying amount. In determining the value-in-use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

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The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate. If the retained interest in that former associate is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of partial investment in the associate; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

In the Company’s statements of financial position, investment in an associate are stated at cost less impairment losses, unless being classified as held for sale (or included in a disposal group that is classified as held for sale).

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its major subsidiaries.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions which are calculated and determined by the spot exchange rates or approximate exchange rates. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into RMB at the rates prevailing at the end of each reporting period.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. 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 construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Properties and buildings	30 years
Machinery	5-10 years
Transportation equipment	5 years
Office and electronic equipment	5 years
Leasehold improvement	3-10 years or over the lease term, whichever is shorter

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Investment properties

Investment properties are interests in land and properties and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Leasehold land	50 years
Properties and buildings	30 years

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of the retirement or disposal.

Right-of-use assets

Accounting policies of right-of-use assets (other than leasehold land) are set out in “Leases” below.

Leasehold land (which meet the definition of right-of-use assets) represents the land use rights in the PRC. It represents the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives.

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Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Patent rights	10 years
Patented technologies	10 years
License rights	5-10 years
Software	10 years

The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are tested for impairment as described in “Impairment of non-financial assets” below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group’s ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- FVTOCI.

The classification is determined by both:

- the Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for ECL on financial assets which is included in “provision/reversal of provision for impairment of assets, net” in the consolidated statements of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in “other gains and losses, net” in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s pledged deposits, cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

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Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “other reserve” in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “other reserve” will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in “other income” in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade and other payables, bank borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless at the end of the reporting period the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

IFRS 9’s impairment requirements use forward-looking information to recognise ECL — the “ECL model”. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and FVTOCI and trade and other receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the end of the reporting period.

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Other financial assets measured at amortised cost and bills receivable measured at FVTOCI

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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Despite the foregoing, the Group assumes that the credit risk on trade and bills receivables measured at FVTOCI has not increased significantly since initial recognition if the bills receivable measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Bills receivable measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); or (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of trade receivables, other financial assets measured at amortised cost and bills receivable measured at FVTOCI are set out in note 38.5.

Inventories

The Group’s inventories mainly include raw materials, packaging materials, low-value consumables, work in progress, finished goods and good in transit, etc. Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

The perpetual inventory system is maintained and low-value consumables and packaging materials are charged in profit or loss when incurred.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 24.

Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration in advance of performance. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

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Leases

(a) Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, 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.
- the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For 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 modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

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The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statements of financial position, leasehold land and properties and buildings that do not meet the definition of investment property have been included in “right-of-use-assets” under non-current assets. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Refundable rental deposits paid are accounted for 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.

(b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-leases as two separate contracts. The sub-leases are classified as a finance or operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the short-term lease exemption, then the Group classifies the sub-lease as an operating lease.

The Group sub-leases some of its properties and the sub-lease contracts are classified as operating leases.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered as contingent assets.

Share capital

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs (i.e. recognised in “capital reserve”) associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

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Treasury shares

Repurchase of the Company’s own equity instruments which held by the Company or the Group (treasury shares) is recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Revenue recognition

Revenue from contracts with customers mainly arises from the following major sources:

- (i) sales of pharmaceutical products; and
- (ii) provision of services;

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group’s revenue and other income recognition policies are as follows:

Revenue from sale of pharmaceutical products

Revenue from sale of pharmaceutical products between the Group and its customers generally only includes a performance obligation for the transfer of pharmaceutical products, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for sale of goods in Mainland China is recognised when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.

Revenue from the export sale of goods is recognised when the Group fulfilled its primary delivery obligations under the sale contract and has obtained documentation evidencing the transfer of control in accordance with the contract terms including signed receipts from the customer and carrier, and customs declarations.

The Group has entered into contracts with certain customers that include sale rebate terms. Such sale rebates give rise to variable consideration. For the contracts that contain sales rebate, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

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Revenue from provision of services

Revenue from provision of services between the Group and its customers generally include providing professional marketing services for products authorised by customers. According to the contract, the Group recognised revenue upon completing the relevant promotional obligations that satisfied at a point in time.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

Rental income

Accounting policies for rental income are set out in “Leases” above.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as “deferred income” in the consolidated statements of financial position and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to income is presented in gross under “other income” in the consolidated statements of profit or loss and other comprehensive income.

If the government disburses the interest subsidy to the lending bank, the borrowing shall be initially recognised at the actual amount received, and the borrowing cost shall be calculated based on the principal amount and the preferential interest rate. If the government disburses the interest subsidy directly to the Group, the subsidy shall be used to offset the borrowing cost.

Impairment of non-financial assets

The following assets are subject to impairment testing:

- Property, plant and equipment;
- Right-of-use assets;
- Investment properties;
- Intangible assets;
- Investment in an associate; and
- The Company’s investments in subsidiaries.

Intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

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For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Retirement benefits

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group’s subsidiaries which operate in the PRC are entitled to participate in various government- supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Short-term employee benefits

Salaries and bonuses are accrued and recognised as an expense in profit or loss in which the associated services are rendered by employees during the year.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for any related restructuring.

Share-based employee compensation

The Group operates equity settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based payment are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based payment is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “capital reserve” in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non- market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based payment resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

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At the time when the restricted shares are exercised, the amount previously recognised in “capital reserve” will be transferred to “share capital”. After vesting date, when the vested restricted shares are later forfeited or are still not exercised at the expiry date, the amount previously recognised in “capital reserve” will be transferred to “retained earnings”.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the 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 is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

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When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the “CODM”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined by the Group’s major product and service lines.

The CODM has been identified as the executive directors of the Company, who determine the operating segments of the Group and review the Group’s internal reporting in order to assess performance and allocate resources. All of the Group’s business operations relate to the sales of pharmaceutical products and provision of services with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

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- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of fair value of financial instruments not traded in an active market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at Level 3 fair value hierarchy are set out in note 38.7.

Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets with finite useful lives

Property, plant and equipment, right-of-use assets, investment properties and intangible assets with finite useful lives are stated at costs less accumulated depreciation or amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

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As at 31 December 2022, 2023 and 2024 and 30 June 2025, the aggregate carrying amount of property, plant and equipment, right-of-use assets, investment properties and intangible assets with finite useful lives amounted to RMB1,255,329,000, RMB1,383,346,000, RMB1,454,961,000 and RMB1,430,227,000, respectively. No impairment loss was recognised during the Track Record Period and six months ended 30 June 2024 and 2025.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realisable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the carrying amount of inventories amounted to RMB208,182,000, net of provision for inventories of RMB552,000, RMB191,365,000, net of provision for inventories of RMB2,501,000, RMB141,809,000, net of provision for inventories of RMB1,927,000 and RMB128,901,000, net of provision for inventories of RMB1,732,000, respectively.

Estimation of impairment of trade and bills receivables

The Group makes allowance of trade and bills receivables based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the aggregate carrying amounts of trade and bills receivables amounted to RMB360,934,000, net of ECL allowance of RMB28,198,000, RMB285,720,000, net of ECL allowance of RMB24,916,000, RMB500,565,000, net of ECL allowance of RMB26,314,000 and RMB570,540,000, net of ECL allowance of RMB26,534,000, respectively.

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables and credit losses in the periods in which such estimate has been changed.

Critical accounting judgments

Research and development activities

Careful judgment by management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the best information available at the end of each reporting period. In addition, all internal activities related to the research and development of new software, products or know how are continuously monitored by management.

Income taxes

The Group is subject to income taxes in jurisdictions in which the Group operates. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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5. REVENUE AND SEGMENT INFORMATION

5.1 Revenue

The Group’s principal activities are disclosed in note 1 to the Historical Financial Information. The Group derives revenue from the transfer of goods and services at a point in time or services over time are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i> <i>(unaudited)</i>
Revenue from contract with customers					
Sales of pharmaceutical products	1,300,034	1,209,085	1,302,892	705,776	622,225
Provision of services	13,882	46,709	98,227	52,177	59,894
Others	1,101	1,027	3,342	608	17,280
Revenue from other sources					
Rental income	859	2,215	2,464	1,334	1,066
	<u>1,315,876</u>	<u>1,259,036</u>	<u>1,406,925</u>	<u>759,895</u>	<u>700,465</u>
Timing of revenue recognised					
At a point in time	1,315,017	1,256,821	1,404,461	758,561	699,399
Over time	859	2,215	2,464	1,334	1,066
	<u>1,315,876</u>	<u>1,259,036</u>	<u>1,406,925</u>	<u>759,895</u>	<u>700,465</u>

5.2 Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the CODM. Management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

Geographical information

The following table sets out the information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered or the services are provided.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i> <i>(unaudited)</i>
Domestic	1,154,870	1,120,507	1,182,401	669,800	512,218
Overseas.	161,006	138,529	224,524	90,095	188,247
	<u>1,315,876</u>	<u>1,259,036</u>	<u>1,406,925</u>	<u>759,895</u>	<u>700,465</u>

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The Group’s non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical location, which is based on the physical location of the assets.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Domestic	1,255,329	1,387,296	1,458,857	1,434,091
Overseas	—	73	36	35
	<u>1,255,329</u>	<u>1,387,369</u>	<u>1,458,893</u>	<u>1,434,126</u>

Information about major customer

Revenue from external customer which individually contributed over 10% of the Group’s revenue during the Track Record Period and six months ended 30 June 2024 and 2025 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Customer A	284,985	266,584	275,576	152,639	112,841

Note: All the revenue contributed from the above customer are derived from sales of pharmaceutical products.

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Government grants (note (i))	4,938	8,617	25,534	3,989	2,103
Gain on disposal of a subsidiary (note (ii)) . . .	—	—	—	—	15,274
Sundry income	272	939	392	326	478
	<u>5,210</u>	<u>9,556</u>	<u>25,926</u>	<u>4,315</u>	<u>17,855</u>

Notes:

- (i) During the Track Record Period and six months ended 30 June 2024 and 2025, the Group received certain government grants from the PRC government primarily aimed at supporting research and development activities and listing-related subsidies which either (i) immediately recognised as other income upon fulfilment of all the relevant granting criteria; or (ii) were recognised as deferred income (note 27) and were amortised.
- (ii) On 5 June 2025, the Group entered into a sale agreement to dispose of its 100% equity interests in a subsidiary, Shenzhen Jiatong Pharmaceutical Co., Ltd. (formerly known as Shenzhen Tongan Pharmaceutical Co., Ltd.) to Guangxi Zhuang Autonomous Region Pharmaceutical Research Institute Co., Ltd. (廣西壯族自治區藥物研究所有限公司) for a cash consideration of RMB15,000,000. The disposal was completed on 30 June 2025.

As at 30 June 2025, the subsidiary had total deficits amounted to RMB274,000. These comprised other receivables of RMB2,000 and trade and other payables of RMB276,000.

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(b) Other gains and losses, net

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Foreign exchange gains, net	6,946	3,294	745	788	7,966
Unrealised fair value changes on financial assets at FVTPL, net. . .	(5,351)	239	(29,189)	(13,850)	15,617
Realised fair value changes on financial assets at FVTPL, net	3,828	6,911	9,630	4,008	8,118
Gain/(Loss) on disposal of property, plant and equipment, net.	250	(1)	77	101	(115)
Gain on early termination of leases	1,213	282	–	–	–
Written-off of property, plant and equipment . . .	(416)	(1,604)	(172)	(93)	(113)
	<u>6,470</u>	<u>9,121</u>	<u>(18,909)</u>	<u>(9,046)</u>	<u>31,473</u>

7. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Finance income					
Interest income.	<u>7,312</u>	<u>6,643</u>	<u>3,627</u>	<u>2,112</u>	<u>1,473</u>
Finance costs					
Interest charges on:					
– bank borrowings	34,672	44,021	44,526	22,172	20,635
– bills receivable	1,650	406	214	–	358
– lease liabilities	<u>2,397</u>	<u>1,585</u>	<u>1,281</u>	<u>602</u>	<u>554</u>
	38,719	46,012	46,021	22,774	21,547
Less: interest capitalised . .	<u>(8,365)</u>	<u>(4,886)</u>	<u>(955)</u>	<u>(931)</u>	<u>(19)</u>
	30,354	41,126	45,066	21,843	21,528
Finance costs, net	<u>(23,042)</u>	<u>(34,483)</u>	<u>(41,439)</u>	<u>(19,731)</u>	<u>(20,055)</u>

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8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Depreciation and amortisation						
– Property, plant and equipment	14	52,852	65,973	68,946	33,600	35,202
– Right-of-use assets . . .	15	16,582	15,732	13,615	6,985	6,598
– Investment properties .	16	727	1,308	1,326	654	637
– Intangible assets	17	10,777	16,178	20,275	9,068	12,888
		<u>80,938</u>	<u>99,191</u>	<u>104,162</u>	<u>50,307</u>	<u>55,325</u>
ECL allowance/ (Reversal of ECL allowance) of trade and bills receivables .	23	321	(3,282)	1,398	3,678	220
ECL allowance of other receivables	23	1,301	354	211	352	310
Provision for inventories	22	<u>498</u>	<u>2,562</u>	<u>3,669</u>	<u>2,187</u>	<u>978</u>
Provision/(Reversal of provision) for impairment of assets, net		<u>2,120</u>	<u>(366)</u>	<u>5,278</u>	<u>6,217</u>	<u>1,508</u>
Cost of inventories recognised as an expense		330,935	338,083	384,418	187,700	203,569
Outgoings in respect of investment properties		728	1,308	1,308	654	656
Auditors’ remuneration		1,600	1,600	1,150	–	–
Short-term lease charges		<u>2,911</u>	<u>3,197</u>	<u>3,484</u>	<u>1,625</u>	<u>484</u>

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Salaries, wages, allowances and other benefits	217,003	206,337	193,451	88,930	83,381
Retirement scheme contributions	38,444	37,624	35,863	17,796	18,234
Equity settled share-based payments	<u>7,846</u>	<u>7,719</u>	<u>4,444</u>	<u>3,108</u>	<u>6,749</u>
	<u>263,293</u>	<u>251,680</u>	<u>233,758</u>	<u>109,834</u>	<u>108,364</u>

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ACCOUNTANTS’ REPORT

(b) Directors’, chief executives’ and supervisors’ emoluments

	Fees	Salaries, allowances and other benefits	Retirement scheme contributions	Equity settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022					
Executive directors					
Mr. Deng Xueqin	—	—	—	—	—
Mr. Zhao Yanqing	—	972	95	—	1,067
Ms. Zhu Yumei	—	—	—	—	—
Ms. Cui Ning.	—	607	87	—	694
Independent executive directors					
Ms. Tao Jianhong	180	—	—	—	180
Mr. An Tang	180	—	—	—	180
Mr. Cao Hongzhong	180	—	—	—	180
Supervisors					
Mr. Huang Kaikun (note (a))	—	585	95	—	680
Ms. Xiao Ya (note (b))	—	—	—	—	—
Ms. Wen Jia	—	—	—	—	—
Ms. Jiang Haiyan (note (c))	—	—	—	—	—
Ms. Li Die (note (d))	—	211	41	—	252
	540	2,375	318	—	3,233
Year ended 31 December 2023					
Executive directors					
Mr. Deng Xueqin	—	—	—	—	—
Mr. Zhao Yanqing	—	973	97	—	1,070
Ms. Zhu Yumei (note (e))	—	—	—	—	—
Ms. Cui Ning.	—	601	91	—	692
Independent executive directors					
Ms. Tao Jianhong	180	—	—	—	180
Mr. An Tang	180	—	—	—	180
Mr. Cao Hongzhong	180	—	—	—	180
Supervisors					
Ms. Wen Jia (note (f))	—	—	—	—	—
Ms. Jiang Haiyan	—	—	—	—	—
Ms. Li Die	—	199	41	—	240
Ms. Liu Haoyun (note (g))	—	—	—	—	—
	540	1,773	229	—	2,542

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	Fees	Salaries, allowances and other benefits	Retirement scheme contributions	Equity settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Executive directors					
Mr. Deng Xueqin	—	—	—	—	—
Mr. Zhao Yanqing	—	973	104	380	1,457
Ms. Wang Xiaoqin (note (h))	—	647	104	253	1,004
Ms. Cui Ning	—	601	97	253	951
Independent executive directors					
Ms. Tao Jianhong	180	—	—	—	180
Mr. An Tang	180	—	—	—	180
Mr. Cao Hongzhong	180	—	—	—	180
Supervisors					
Ms. Jiang Haiyan	—	—	—	—	—
Ms. Li Die	—	243	46	—	289
Ms. Liu Haoyun	—	—	—	—	—
	<u>540</u>	<u>2,464</u>	<u>351</u>	<u>886</u>	<u>4,241</u>
Six months ended 30 June 2024 (unaudited)					
Executive directors					
Mr. Deng Xueqin	—	—	—	—	—
Mr. Zhao Yanqing	—	339	50	33	422
Ms. Wang Xiaoqin	—	283	50	22	355
Ms. Cui Ning	—	245	47	22	314
Independent executive directors					
Ms. Tao Jianhong	90	—	—	—	90
Mr. An Tang	90	—	—	—	90
Mr. Cao Hongzhong	90	—	—	—	90
Supervisors					
Ms. Jiang Haiyan	—	—	—	—	—
Ms. Li Die	—	97	21	—	118
Ms. Liu Haoyun	—	—	—	—	—
	<u>270</u>	<u>964</u>	<u>168</u>	<u>77</u>	<u>1,479</u>

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	Fees	Salaries, allowances and other benefits	Retirement scheme contributions	Equity settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended					
30 June 2025					
(unaudited)					
Executive directors					
Mr. Deng Xueqin	–	–	–	–	–
Mr. Zhao Yanqing	–	550	57	325	932
Ms. Wang Xiaoqin	–	338	57	217	612
Ms. Cui Ning	–	302	49	217	568
Independent executive directors					
Ms. Tao Jianhong	90	–	–	–	90
Mr. An Tang	90	–	–	–	90
Mr. Cao Hongzhong	90	–	–	–	90
Supervisors					
Ms. Jiang Haiyan	–	–	–	–	–
Ms. Li Die	–	127	26	–	153
Ms. Liu Haoyun	–	–	–	–	–
	270	1,317	189	759	2,535

Notes:

- (a) Mr. Huang Kaikun resigned as supervisor of the Company on 28 July 2022.
- (b) Ms. Xiao Ya resigned as supervisor of the Company on 15 February 2022.
- (c) Ms. Jiang Haiyan was appointed as supervisor of the Company on 15 February 2022.
- (d) Ms. Li Die was appointed as supervisor of the Company on 28 July 2022.
- (e) Ms. Zhu Yumei resigned as executive director of the Company on 8 October 2023.
- (f) Ms. Wen Jia resigned as supervisor of the Company on 10 August 2023.
- (g) Ms. Liu Haoyun was appointed as supervisor of the Company on 10 August 2023.
- (h) Ms. Wang Xiaoqin was appointed as executive director of the Company on 16 January 2024.

During the Track Record Period and six months ended 30 June 2024 and 2025, no emoluments were paid by the Group to any directors, chief executives and supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. No director, chief executive and supervisor of the Company has waived or agreed to waive any emoluments during the Track Record Period and six months ended 30 June 2024 and 2025.

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(c) Five highest paid individuals

During the Track Record Period and six months ended 30 June 2024 and 2025, nil, nil, 1, nil and 1 director, respectively, whose emoluments are reflected in note 9(b) above. The aggregate emoluments payable to the remaining 5, 5, 4, 5 and 4 individuals to the five highest paid individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Salaries, allowances and other benefits	6,325	6,586	6,450	3,936	2,891
Retirement scheme contributions	367	442	397	246	217
Equity settled share-based payments	1,880	2,738	223	938	694
	<u>8,572</u>	<u>9,766</u>	<u>7,070</u>	<u>5,120</u>	<u>3,802</u>

The emoluments fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	(unaudited)
Nil-HK\$1,000,000	–	–	–	2	2
HK\$1,000,001-HK\$1,500,000	2	–	1	2	1
HK\$1,500,001-HK\$2,000,000	–	1	2	–	1
HK\$2,000,001-HK\$2,500,000	2	3	–	1	–
HK\$2,500,001-HK\$3,000,000	1	1	–	–	–
HK\$3,000,001-HK\$3,500,000	–	–	1	–	–
	<u>–</u>	<u>–</u>	<u>1</u>	<u>–</u>	<u>–</u>

10. INCOME TAX (CREDIT)/EXPENSE

PRC Enterprise Income Tax (the “PRC EIT”)

The Company and one of the Group’s subsidiaries, Shenzhen Kexing Pharmaceutical Co., Ltd. were approved as High and New Technology Enterprise with a validity period of three years on 17 August 2020 and 7 December 2023, and 11 December 2020 and 16 October 2023, respectively, and therefore entitled to a preferential tax rate of 15% for the Track Record Period and six months ended 30 June 2024 and 2025.

The Group’s other subsidiaries in the PRC are subject to the PRC EIT at the rate of 25%.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, certain PRC entities of the Group engaging in research and development activities is entitled to claim 200% for the Track Record Period and six months ended 30 June 2024 and 2025 of its research and development expenses so incurred as tax deductible expenses when determining its assessable profit for the Track Record Period and six months ended 30 June 2024 and 2025 (“Super Deduction”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s PRC entities in ascertaining its assessable profit for the Track Record Period and six months ended 30 June 2024 and 2025.

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Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits, while the Group has no assessable profits arising from Hong Kong for the Track Record Period and six months ended 30 June 2024 and 2025.

Corporate income tax in other jurisdictions

Taxation for overseas entities is charged at the appropriate current rates of taxation ruling in the relevant countries.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Current tax					
The PRC EIT	1,086	5,729	17,105	15,737	2,895
Deferred tax					
Current year/period	(47,326)	(70,312)	12,749	16,781	2,271
Income tax (credit)/expense	(46,240)	(64,583)	29,854	32,518	5,166

Reconciliation between tax (credit)/expense and accounting profit/(loss) at applicable tax rates is as follow:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
(Loss)/Profit before income tax	(139,064)	(260,069)	56,902	41,979	84,130
Tax on (loss)/profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned and the preferential tax rates	(20,860)	(39,010)	8,535	6,297	12,619
Tax effect of					
– different tax rates . . .	(2,398)	(5,672)	(4,556)	(1,599)	(649)
– non-deductible expenses	1,299	2,818	2,108	1,273	927
– deductible temporary differences not recognised	3,216	20,182	12,268	22,096	(1,846)
– deduction on property, plant and equipment .	(2,250)	–	–	–	–
– Super Deduction	(26,322)	(48,629)	(24,224)	(11,037)	(11,564)
– adjustments in respect of current income tax of previous periods . .	1,075	5,728	35,723	15,488	5,679
Income tax (credit)/expense	(46,240)	(64,583)	29,854	32,518	5,166

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11. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The (loss)/profit attributable to owners of the Company for the Track Record Period and six months ended 30 June 2024 and 2025 were RMB(90,295,000), RMB(190,290,000), RMB31,480,000, RMB11,877,000 and RMB80,346,000, respectively.

12. DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
2021 final dividend (note (a))	19,870	—	—	—	—
2024 final dividend (note (b))	—	—	—	—	15,779
	19,870	—	—	—	15,779

Notes:

- (a) Pursuant to a written resolution passed on 19 May 2022, a final dividend of RMB1 per 10 shares in respect of the year ended 31 December 2021 amounted to RMB19,870,000 has been declared and paid on 7 June 2022. The final dividend has not been recognised as a liability as at 31 December 2021, but reflected as an appropriation of retained earnings for the year ended 31 December 2021.
- (b) Pursuant to a written resolution passed on 8 May 2025, a final dividend of RMB0.8 per 10 shares in respect of the year ended 31 December 2024 amounted to RMB15,779,000 has been declared and paid on 12 June 2025. The final dividend has not been recognised as a liability as at 31 December 2024, but reflected as an appropriation of retained earnings for the year ended 31 December 2024.

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period and six months ended 30 June 2024 and 2025, excluding treasury shares as these shares are not considered outstanding for (loss)/earnings per share calculation purposes.

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The following table illustrates the (loss)/earnings and share information used in the calculation of basic (loss)/earnings per share:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
(Loss)/Profit attributable to owners of the Company .	(90,295)	(190,290)	31,480	11,877	80,346
Weighted average number of ordinary shares in issue (thousand shares) .	198,701	198,950	197,875	198,284	197,656
Basic (loss)/earnings per share (RMB)	(0.45)	(0.96)	0.16	0.06	0.41

(b) Diluted (loss)/earnings per share

The restricted shares under the incentive plans granted by the Company have potential dilutive effect on the (loss)/earnings per share. Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding, excluding treasury shares, by the assumption of the conversion of all potential dilutive ordinary shares arising from incentive plans (collectively forming the denominator for computing the diluted (loss)/earnings per share).

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
(Loss)/Profit attributable to owners of the Company . .	(90,295)	(190,290)	31,480	11,877	80,346
Weighted average number of ordinary shares in issue (thousand shares)	198,701	198,950	197,875	198,284	197,656
Adjustments for potential shares arising from incentive plans (thousand shares)	–	–	2,603	1,299	1,530
Weighted average number of ordinary shares used in calculating diluted (loss)/earnings per share (thousand shares)	198,701	198,950	200,478	199,583	199,186
Diluted (loss)/earnings per share (RMB)	(0.45)	(0.96)	0.16	0.06	0.40

No adjustment has been made to the basic loss per share for the years ended 31 December 2022 and 2023 as the impact of the restricted shares had an anti-dilutive effect on the basic loss per share presented.

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Properties and buildings	Machinery	Transportation equipment	Office and electronic equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022							
Cost	361,784	224,258	1,463	18,095	49,155	428,522	1,083,277
Accumulated depreciation	(54,838)	(88,331)	(1,103)	(9,377)	(27,639)	–	(181,288)
Net carrying amount	306,946	135,927	360	8,718	21,516	428,522	901,989
Year ended 31 December 2022							
Opening net carrying amount.	306,946	135,927	360	8,718	21,516	428,522	901,989
Additions.	–	52,780	286	3,103	2,131	135,812	194,112
Interest capitalised	–	–	–	–	–	8,365	8,365
Disposals.	(44)	(660)	(23)	(47)	–	–	(774)
Depreciation	(14,257)	(26,044)	(106)	(2,550)	(9,895)	–	(52,852)
Transfers	286,489	29,643	–	–	–	(316,132)	–
Transferred to investment properties (note 16)	(21,986)	–	–	–	–	–	(21,986)
Closing net carrying amount	557,148	191,646	517	9,224	13,752	256,567	1,028,854
As at 31 December 2022 and 1 January 2023							
Cost	609,200	304,471	1,293	20,536	51,286	256,567	1,243,353
Accumulated depreciation	(52,052)	(112,825)	(776)	(11,312)	(37,534)	–	(214,499)
Net carrying amount	557,148	191,646	517	9,224	13,752	256,567	1,028,854
Year ended 31 December 2023							
Opening net carrying amount.	557,148	191,646	517	9,224	13,752	256,567	1,028,854
Additions.	–	39,204	25	1,025	427	175,707	216,388
Interest capitalised	–	–	–	–	–	4,886	4,886
Disposals.	(3,043)	(524)	–	(93)	(317)	–	(3,977)
Depreciation	(20,423)	(31,726)	(121)	(2,769)	(10,934)	–	(65,973)
Transfers	57,397	7,205	–	–	–	(64,602)	–
Closing net carrying amount	591,079	205,805	421	7,387	2,928	372,558	1,180,178
As at 31 December 2023 and 1 January 2024							
Cost	662,949	348,522	1,318	20,577	51,396	372,558	1,457,320
Accumulated depreciation	(71,870)	(142,717)	(897)	(13,190)	(48,468)	–	(277,142)
Net carrying amount	591,079	205,805	421	7,387	2,928	372,558	1,180,178
Year ended 31 December 2024							
Opening net carrying amount.	591,079	205,805	421	7,387	2,928	372,558	1,180,178
Additions.	–	6,799	–	908	304	32,817	40,828
Interest capitalised	–	–	–	–	–	955	955
Disposals.	–	(119)	–	(115)	–	–	(234)
Depreciation	(23,912)	(40,284)	(124)	(2,461)	(2,165)	–	(68,946)
Transfers	91,297	138,213	–	–	–	(229,510)	–
Exchange realignment	–	–	–	(25)	–	–	(25)
Closing net carrying amount	658,464	310,414	297	5,694	1,067	176,820	1,152,756
As at 31 December 2024 and 1 January 2025							
Cost	754,246	492,061	1,318	20,836	51,700	176,820	1,496,981
Accumulated depreciation	(95,782)	(181,647)	(1,021)	(15,142)	(50,633)	–	(344,225)
Net carrying amount	658,464	310,414	297	5,694	1,067	176,820	1,152,756

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	Properties and buildings	Machinery	Transportation equipment	Office and electronic equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2025 (unaudited)							
Opening net carrying amount	658,464	310,414	297	5,694	1,067	176,820	1,152,756
Additions	–	1,759	–	1,127	157	2,359	5,402
Interest capitalised	–	–	–	–	–	19	19
Disposals	(784)	(1,023)	(10)	(90)	–	–	(1,907)
Depreciation	(12,285)	(21,464)	(60)	(1,154)	(239)	–	(35,202)
Transfers	24,721	41,251	–	–	–	(65,972)	–
Closing net carrying amount	670,116	330,937	227	5,577	985	113,226	1,121,068
As at 30 June 2025 (unaudited)							
Cost	778,183	523,532	1,121	20,340	51,857	113,226	1,488,259
Accumulated depreciation	(108,067)	(192,595)	(894)	(14,763)	(50,872)	–	(367,191)
Closing net carrying amount	670,116	330,937	227	5,577	985	113,226	1,121,068

Notes:

- (a) The carrying amounts of properties and buildings approximately amounted to RMB193,681,000, RMB245,543,000, RMB7,836,000 and RMB7,703,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, are in the process of obtaining the property ownership certificates. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group’s consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025.
- (b) The Group has pledged certain property, plant and equipment with the following carrying amounts to secure bank borrowings granted to the Group. Details of the Group’s assets pledged for the Group’s bank borrowings are disclosed in note 34 to the Historical Financial Information.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Properties and buildings	460,915	487,605	493,806	497,343
Construction in progress	94,586	51,237	13,488	–
	555,501	538,842	507,294	497,343

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The Company

	Properties and buildings	Machinery	Transportation equipment	Office and electronic equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022							
Cost	361,784	147,915	1,254	11,561	11,087	428,522	962,123
Accumulated depreciation	(54,838)	(36,925)	(904)	(5,738)	(1,903)	–	(100,308)
Net carrying amount	306,946	110,990	350	5,823	9,184	428,522	861,815
Year ended 31 December 2022							
Opening net carrying amount.	306,946	110,990	350	5,823	9,184	428,522	861,815
Additions.	–	48,425	286	2,841	920	135,833	188,305
Interest capitalised	–	–	–	–	–	8,365	8,365
Disposals.	(44)	(297)	(21)	(30)	–	–	(392)
Depreciation	(14,257)	(20,049)	(106)	(1,608)	(4,117)	–	(40,137)
Transfers	286,489	29,643	–	–	–	(316,132)	–
Transferred to investment properties (<i>note 16</i>)	(21,986)	–	–	–	–	–	(21,986)
Closing net carrying amount	557,148	168,712	509	7,026	5,987	256,588	995,970
As at 31 December 2022 and 1 January 2023							
Cost	609,200	224,964	1,084	13,824	12,007	256,588	1,117,667
Accumulated depreciation	(52,052)	(56,252)	(575)	(6,798)	(6,020)	–	(121,697)
Net carrying amount	557,148	168,712	509	7,026	5,987	256,588	995,970
Year ended 31 December 2023							
Opening net carrying amount.	557,148	168,712	509	7,026	5,987	256,588	995,970
Additions.	–	34,999	24	855	–	171,942	207,820
Interest capitalised	–	–	–	–	–	4,886	4,886
Disposals.	(3,043)	(10,035)	–	(59)	(103)	–	(13,240)
Depreciation	(20,423)	(25,492)	(121)	(1,897)	(4,924)	–	(52,857)
Transfers	57,397	7,227	–	–	–	(64,624)	–
Closing net carrying amount	591,079	175,411	412	5,925	960	368,792	1,142,579
As at 31 December 2023 and 1 January 2024							
Cost	662,949	254,748	1,108	13,682	11,904	368,792	1,313,183
Accumulated depreciation	(71,870)	(79,337)	(696)	(7,757)	(10,944)	–	(170,604)
Net carrying amount	591,079	175,411	412	5,925	960	368,792	1,142,579

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	Properties and buildings	Machinery	Transportation equipment	Office and electronic equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024							
Opening net carrying amount	591,079	175,411	412	5,925	960	368,792	1,142,579
Additions	–	1,634	–	773	–	28,761	31,168
Interest capitalised	–	–	–	–	–	955	955
Disposals	–	(376)	–	(98)	–	–	(474)
Depreciation	(23,738)	(33,569)	(122)	(1,912)	(960)	–	(60,301)
Transfers	84,605	134,882	–	–	–	(219,487)	–
Transferred to investment properties (<i>note 16</i>)	–	–	–	–	–	(6,691)	(6,691)
Closing net carrying amount	651,946	277,982	290	4,688	–	172,330	1,107,236
As at 31 December 2024 and 1 January 2025							
Cost	747,554	389,947	1,108	13,996	11,904	172,330	1,336,839
Accumulated depreciation	(95,608)	(111,965)	(818)	(9,308)	(11,904)	–	(229,603)
Net carrying amount	651,946	277,982	290	4,688	–	172,330	1,107,236
Six months ended 30 June 2025 (unaudited)							
Opening net carrying amount	651,946	277,982	290	4,688	–	172,330	1,107,236
Additions	–	569	–	1,010	–	2,438	4,017
Interest capitalised	–	–	–	–	–	19	19
Disposals	(784)	(104)	(10)	(21)	–	–	(919)
Depreciation	(12,170)	(18,252)	(58)	(976)	–	–	(31,456)
Transfers	24,598	40,720	–	–	–	(65,318)	–
Transferred to investment properties (<i>note 16</i>)	–	–	–	–	–	(132)	(132)
Closing net carrying amount	663,590	300,915	222	4,701	–	109,337	1,078,765
As at 30 June 2025 (unaudited)							
Cost	771,368	430,450	911	14,688	11,904	109,337	1,338,658
Accumulated depreciation	(107,778)	(129,535)	(689)	(9,987)	(11,904)	–	(259,893)
Closing net carrying amount	663,590	300,915	222	4,701	–	109,337	1,078,765

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15. RIGHT-OF-USE ASSETS

The movements in the net carrying amount of the Group’s right-of-use assets are analysed as follows:

The Group

	Leasehold land	Properties and buildings	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2022	22,869	55,771	78,640
Addition	–	1,934	1,934
Depreciation	(565)	(16,017)	(16,582)
Transferred to investment properties (<i>note 16</i>) . .	(1,982)	–	(1,982)
Sub-lease	–	(4,275)	(4,275)
As at 31 December 2022 and 1 January 2023 . .	20,322	37,413	57,735
Addition	–	3,768	3,768
Depreciation	(539)	(15,193)	(15,732)
Early termination	–	(3,477)	(3,477)
As at 31 December 2023 and 1 January 2024 . .	19,783	22,511	42,294
Lease modification	–	16,147	16,147
Depreciation	(539)	(13,076)	(13,615)
As at 31 December 2024 and 1 January 2025 . .	19,244	25,582	44,826
Lease modification	–	1,082	1,082
Depreciation	(270)	(6,328)	(6,598)
As at 30 June 2025 (unaudited)	18,974	20,336	39,310

Certain right-of-use assets are pledged for the Group’s bank borrowings, details are disclosed in note 34 to the Historical Financial Information.

The Company

	Leasehold land	Properties and buildings	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2022	22,869	16,665	39,534
Depreciation	(565)	(7,692)	(8,257)
Transferred to investment properties (<i>note 16</i>) . .	(1,982)	–	(1,982)
As at 31 December 2022 and 1 January 2023 . .	20,322	8,973	29,295
Depreciation	(539)	(7,675)	(8,214)
Early termination	–	(24)	(24)
As at 31 December 2023 and 1 January 2024 . .	19,783	1,274	21,057
Lease modification	–	10,865	10,865
Depreciation	(539)	(5,802)	(6,341)
As at 31 December 2024 and 1 January 2025 . .	19,244	6,337	25,581
Depreciation	(270)	(2,716)	(2,986)
As at 30 June 2025 (unaudited)	18,974	3,621	22,595

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16. INVESTMENT PROPERTIES

The Group

	Leasehold land	Properties and buildings	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	–	–	–
Transferred from property, plant and equipment (note 14)	–	21,986	21,986
Transferred from right-of-use assets (note 15) . . .	1,982	–	1,982
Depreciation	(50)	(677)	(727)
As at 31 December 2022 and 1 January 2023 . . .	1,932	21,309	23,241
Depreciation	(76)	(1,232)	(1,308)
As at 31 December 2023 and 1 January 2024 . . .	1,856	20,077	21,933
Depreciation	(76)	(1,250)	(1,326)
As at 31 December 2024 and 1 January 2025 . . .	1,780	18,827	20,607
Depreciation	(38)	(599)	(637)
As at 30 June 2025 (unaudited)	1,742	18,228	19,970

Certain investment properties are pledged for the Group’s bank borrowings, details are disclosed in note 34 to the Historical Financial Information.

The Group’s investment properties are situated in the PRC. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s investment properties were revalued at approximately RMB30,095,000, RMB29,791,000, RMB26,114,000 and RMB25,929,000, respectively, based on their fair values.

The Company

	Leasehold land	Properties and buildings	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	–	–	–
Transferred from property, plant and equipment (note 14)	–	21,986	21,986
Transferred from right-of-use assets (note 15) . . .	1,982	–	1,982
Depreciation	(50)	(677)	(727)
As at 31 December 2022 and 1 January 2023 . . .	1,932	21,309	23,241
Depreciation	(76)	(1,232)	(1,308)
As at 31 December 2023 and 1 January 2024 . . .	1,856	20,077	21,933
Transferred from property, plant and equipment (note 14)	–	6,691	6,691
Depreciation	(76)	(1,424)	(1,500)
As at 31 December 2024 and 1 January 2025 . . .	1,780	25,344	27,124
Transferred from property, plant and equipment (note 14)	–	132	132
Depreciation	(38)	(722)	(760)
As at 30 June 2025 (unaudited)	1,742	24,754	26,496

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17. INTANGIBLE ASSETS

The Group

	Patent rights	Patented technologies	License rights	Software	Development cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022						
Cost	23,815	13,257	–	4,911	–	41,983
Accumulated amortisation . .	(23,815)	(13,257)	–	(818)	–	(37,890)
Net carrying amount	–	–	–	4,093	–	4,093
Year ended 31 December 2022						
Opening net carrying amount .	–	–	–	4,093	–	4,093
Additions	–	–	141,509	10,674	–	152,183
Amortisation	–	–	(9,434)	(1,343)	–	(10,777)
Closing net carrying amount .	–	–	132,075	13,424	–	145,499
As at 31 December 2022 and 1 January 2023						
Cost	23,815	13,257	141,509	15,585	–	194,166
Accumulated amortisation . .	(23,815)	(13,257)	(9,434)	(2,161)	–	(48,667)
Net carrying amount	–	–	132,075	13,424	–	145,499
Year ended 31 December 2023						
Opening net carrying amount .	–	–	132,075	13,424	–	145,499
Additions	5,059	–	3,600	961	–	9,620
Amortisation	(333)	–	(14,271)	(1,574)	–	(16,178)
Closing net carrying amount .	4,726	–	121,404	12,811	–	138,941
As at 31 December 2023 and 1 January 2024						
Cost	28,874	13,257	145,109	16,546	–	203,786
Accumulated amortisation . .	(24,148)	(13,257)	(23,705)	(3,735)	–	(64,845)
Net carrying amount	4,726	–	121,404	12,811	–	138,941
Year ended 31 December 2024						
Opening net carrying amount .	4,726	–	121,404	12,811	–	138,941
Additions	–	–	84,368	2,859	30,879	118,106
Amortisation	(506)	–	(17,976)	(1,793)	–	(20,275)
Closing net carrying amount .	4,220	–	187,796	13,877	30,879	236,772
As at 31 December 2024 and 1 January 2025						
Cost	28,874	13,257	229,477	19,405	30,879	321,892
Accumulated amortisation . .	(24,654)	(13,257)	(41,681)	(5,528)	–	(85,120)
Net carrying amount	4,220	–	187,796	13,877	30,879	236,772
Six months ended 30 June 2025 (unaudited)						
Opening net carrying amount .	4,220	–	187,796	13,877	30,879	236,772
Additions	–	–	11,400	283	14,312	25,995
Amortisation	(253)	–	(11,655)	(980)	–	(12,888)
Closing net carrying amount .	3,967	–	187,541	13,180	45,191	249,879
As at 30 June 2025 (unaudited)						
Cost	28,874	13,257	240,877	19,688	45,191	347,887
Accumulated amortisation . .	(24,907)	(13,257)	(53,336)	(6,508)	–	(98,008)
Closing net carrying amount .	3,967	–	187,541	13,180	45,191	249,879

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The Company

	Patented technologies	License rights	Software	Development cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022					
Cost	13,257	–	3,177	–	16,434
Accumulated amortisation . . .	(13,257)	–	(558)	–	(13,815)
Net carrying amount	–	–	2,619	–	2,619
Year ended 31 December 2022					
Opening net carrying amount.	–	–	2,619	–	2,619
Additions	–	141,509	10,674	–	152,183
Amortisation	–	(9,434)	(1,167)	–	(10,601)
Closing net carrying amount .	–	132,075	12,126	–	144,201
As at 31 December 2022 and 1 January 2023					
Cost	13,257	141,509	13,851	–	168,617
Accumulated amortisation . . .	(13,257)	(9,434)	(1,725)	–	(24,416)
Net carrying amount	–	132,075	12,126	–	144,201
Year ended 31 December 2023					
Opening net carrying amount.	–	132,075	12,126	–	144,201
Additions	–	–	961	–	961
Amortisation	–	(14,151)	(1,399)	–	(15,550)
Closing net carrying amount .	–	117,924	11,688	–	129,612
As at 31 December 2023 and 1 January 2024					
Cost	13,257	141,509	14,812	–	169,578
Accumulated amortisation . . .	(13,257)	(23,585)	(3,124)	–	(39,966)
Net carrying amount	–	117,924	11,688	–	129,612
Year ended 31 December 2024					
Opening net carrying amount.	–	117,924	11,688	–	129,612
Additions	–	70,368	2,859	21,055	94,282
Amortisation	–	(16,482)	(1,617)	–	(18,099)
Closing net carrying amount .	–	171,810	12,930	21,055	205,795
As at 31 December 2024 and 1 January 2025					
Cost	13,257	211,877	17,671	21,055	263,860
Accumulated amortisation . . .	(13,257)	(40,067)	(4,741)	–	(58,065)
Net carrying amount	–	171,810	12,930	21,055	205,795
Six months ended 30 June 2025 (unaudited)					
Opening net carrying amount.	–	171,810	12,930	21,055	205,795
Additions	–	11,400	283	10,188	21,871
Amortisation	–	(10,775)	(893)	–	(11,668)
Closing net carrying amount .	–	172,435	12,320	31,243	215,998
As at 30 June 2025 (unaudited)					
Cost	13,257	223,277	17,954	31,243	285,731
Accumulated amortisation . . .	(13,257)	(50,842)	(5,634)	–	(69,733)
Closing net carrying amount .	–	172,435	12,320	31,243	215,998

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18. INVESTMENTS IN SUBSIDIARIES

Details of the Company’s principal subsidiaries are set out in note 1 to the Historical Financial Information.

The directors of the Company considered that none of the non-wholly-owned subsidiaries have non-controlling interests that are material to the Group, therefore, no summarised financial information of these non-wholly-owned subsidiaries are presented separately.

19. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
At the beginning of the year/period .	–	–	4,023	3,932
Addition	–	4,000	–	–
Share of result	–	23	(91)	(33)
At the end of the year/period	–	4,023	3,932	3,899

The following list contains the particular of the associate of the Group, which is unlisted corporate entity whose quoted market price is not available.

Company name	Place of incorporation and operation	Particular of share capital	Ownership interest held				Principal activity
			As at 31 December			As at 30 June	
			2022	2023	2024	2025	
Shaanxi Mingkun Musk Deer Industry Science and Technology Co., Ltd. (陝西名坤麋業科技有限公司) (“Shaanxi Mingkun”)	The PRC	RMB20,000,000	N/A	20%	20%	20%	Captive breeding of national key protected terrestrial wildlife

During the year ended 31 December 2023, the Group and the Company acquired 20% equity interests in Shaanxi Mingkun at a consideration of RMB4,000,000.

The Group and the Company have not incurred any contingent liabilities or other commitments relating to its investment in an associate.

20. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Non-current				
Private fund	242,108	226,297	183,614	199,054
Unlisted equity investment	–	–	–	42,000
	242,108	226,297	183,614	241,054
Current				
Wealth management products	–	–	–	173,177

Note: Financial assets at FVTPL comprise private fund, unlisted equity investment and wealth management products which are held for trading.

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21. FINANCIAL ASSETS AT FVTOCI

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
Unlisted equity investment (note (a))	15,000	15,000	15,860	15,860
Current				
Bills receivable measured at FVTOCI (note (b))	23,064	56,322	63,252	73,458

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
Bills receivable measured at FVTOCI (note (b))	19,026	37,910	47,595	53,118

Notes:

- (a) Financial assets at FVTOCI comprise unlisted equity investment which is not held for trading.
- (b) Certain bills held by the Group and the Company for the practice of discounting/endorsing to financial institutions before the bills maturity date and held for sale were classified as “bills receivable measured at FVTOCI” under financial assets at FVTOCI in the consolidated statements of financial position. At the end of each reporting period, all the bills are with a maturity period of less than 12 months. The Group and the Company consider the credit risk is limited because counterparties are financial institutions with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Transfer of derecognised financial assets

During the Track Record Period and six months ended 30 June 2025, the Group and the Company (i) endorsed certain bills receivable for the settlement of trade payables; and (ii) discounted certain bills receivable to banks for raising of cash. In the opinion of the directors, the Group and the Company have transferred the significant risks and rewards relating to these bills receivable, and the Group’s and the Company’s obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of default in payment of the endorsed and discounted bills receivable is low because all endorsed and discounted bills receivable are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were not recognised in the Historical Financial Information.

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22. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Raw materials	77,945	49,059	39,603	35,166
Work in progress	49,745	65,801	52,028	48,089
Finished goods	24,155	44,732	26,537	20,275
Low-value consumables	41,547	28,731	21,764	23,778
Goods in transit	15,342	5,543	3,804	2,769
Consigned processing materials. . . .	—	—	—	556
	208,734	193,866	143,736	130,633
Less: provision for inventories	(552)	(2,501)	(1,927)	(1,732)
	208,182	191,365	141,809	128,901

Movements in the provision for inventories are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
At the beginning of the year/period .	687	552	2,501	1,927
Provision for inventories	498	2,562	3,669	978
Written off	(633)	(613)	(4,243)	(1,173)
At the end of the year/period	552	2,501	1,927	1,732

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Raw materials	72,675	42,759	32,949	25,903
Work in progress	40,175	57,399	50,482	46,461
Finished goods	15,800	36,940	17,616	12,827
Low-value consumables	35,795	23,691	17,484	20,697
Goods in transit	12,155	5,017	3,530	2,098
	176,600	165,806	122,061	107,986
Less: provision for inventories	(533)	(2,456)	(801)	(669)
	176,067	163,350	121,260	107,317

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Movements in the provision for inventories are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period .	581	533	2,456	801
Provision for inventories	480	2,466	2,463	591
Written off	(528)	(543)	(4,118)	(723)
At the end of the year/period	533	2,456	801	669

23. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
Finance lease receivables	325	–	–	–
Prepayments	173,790	134,828	98,839	74,701
	174,115	134,828	98,839	74,701
Less: ECL allowance	(16)	–	–	–
	174,099	134,828	98,839	74,701
Current				
Trade receivables	365,216	299,439	501,590	564,373
Bills receivable (note (a))	23,916	11,197	25,289	32,701
Trade and bills receivables, gross . .	389,132	310,636	526,879	597,074
Less: ECL allowance	(28,198)	(24,916)	(26,314)	(26,534)
Trade and bills receivables, net. . . .	360,934	285,720	500,565	570,540
Finance lease receivables	3,623	–	–	–
Value-added tax recoverable.	3,829	2,046	4,709	7,608
Prepayments	21,359	24,925	6,710	12,350
Deposits	1,761	2,866	13,777	14,246
Amounts due from related parties (note (b)).	167	361	1,703	1,688
Other receivables	2,643	3,053	1,963	3,979
	33,382	33,251	28,862	39,871
Less: ECL allowance	(1,506)	(1,829)	(1,241)	(1,551)
	31,876	31,422	27,621	38,320
	392,810	317,142	528,186	608,860
	566,909	451,970	627,025	683,561

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
Prepayments	165,946	114,323	92,247	62,699
Current				
Trade receivables				
– third parties	248,847	194,707	305,972	344,946
– subsidiaries	–	–	1,582	12,731
Bills receivable	15,749	6,102	20,591	22,921
Trade and bills receivables, gross . .	264,596	200,809	328,145	380,598
Less: ECL allowance	(16,295)	(14,005)	(11,877)	(16,219)
Trade and bills receivables, net. . . .	248,301	186,804	316,268	364,379
Value-added tax recoverable.	3,160	112	1,578	3,609
Prepayments	8,834	18,472	1,246	4,166
Deposits	1,608	2,698	13,671	13,544
Amounts due from related parties (note (b))	–	–	993	993
Amounts due from subsidiaries	19,302	63,338	118,840	140,181
Other receivables	2,300	2,659	1,497	3,229
	35,204	87,279	137,825	165,722
Less: ECL allowance	(1,277)	(1,740)	(1,078)	(1,333)
	33,927	85,539	136,747	164,389
	282,228	272,343	453,015	528,768
	448,174	386,666	545,262	591,467

The credit period granted to customers is generally within 30 - 180 days after the date of invoice during the Track Record Period and six months ended 30 June 2025.

Notes:

- (a) Certain bills receivable are restricted, details are disclosed in note 34 to the Historical Financial Information
- (b) The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

The aging analysis of trade and bills receivables (based on date of revenue recognition), net of ECL allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year.	352,284	282,089	499,390	562,515
1 - 2 years	7,809	2,243	1,077	7,921
2 - 3 years	841	1,388	98	104
	360,934	285,720	500,565	570,540

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year.	244,021	184,713	315,999	362,704
1 - 2 years	4,049	1,229	213	1,577
2 - 3 years	231	862	56	98
	<u>248,301</u>	<u>186,804</u>	<u>316,268</u>	<u>364,379</u>

Movements in ECL allowance of trade and bills receivables are as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period .	27,877	28,198	24,916	26,314
ECL allowance recognised/(reversed), net	<u>321</u>	<u>(3,282)</u>	<u>1,398</u>	<u>220</u>
At the end of the year/period	<u>28,198</u>	<u>24,916</u>	<u>26,314</u>	<u>26,534</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period .	15,560	16,295	14,005	11,877
ECL allowance recognised/(reversed), net	<u>735</u>	<u>(2,290)</u>	<u>(2,128)</u>	<u>(914)</u>
Transfer	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,256</u>
At the end of the year/period	<u>16,295</u>	<u>14,005</u>	<u>11,877</u>	<u>16,219</u>

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Movements in ECL allowance of other receivables are as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period .	221	1,522	1,829	1,241
ECL allowance recognised, net . . .	1,301	354	211	310
Written off	–	(47)	(799)	–
At the end of the year/period	1,522	1,829	1,241	1,551

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period .	188	1,277	1,740	1,078
ECL allowance recognised, net . . .	1,089	510	137	255
Written off	–	(47)	(799)	–
At the end of the year/period	1,277	1,740	1,078	1,333

24. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Cash at bank	783,971	559,931	552,952	446,234
Pledged deposits	1,412	8,866	1,610	1,562
	785,383	568,797	554,562	447,796
Less: pledged deposits	(1,412)	(8,866)	(1,610)	(1,562)
Cash and cash equivalents per consolidated statements of cash flows	783,971	559,931	552,952	446,234

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Cash at bank	583,121	397,892	370,423	251,861
Pledged deposits	1,412	8,866	1,361	1,361

Note: Pledged deposits mainly include guarantee deposits for insurance.

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25. TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade payables	71,368	63,163	99,512	91,325
Salaries payable	30,584	24,600	29,523	15,242
Value-added tax payables	5,863	747	2,600	3,132
Deposits received	5,122	4,366	11,334	11,015
Amounts due to related parties (note)	151	181	150	1,070
Refund liabilities arising from right of return	—	—	—	2,238
Provision of sale rebates	—	—	1,779	1,721
Other payables	174,553	154,869	136,894	119,951
	<u>287,641</u>	<u>247,926</u>	<u>281,792</u>	<u>245,694</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade payables	66,505	52,823	80,228	79,619
Salaries payables	21,725	18,529	20,732	10,713
Value-added tax payables	184	145	53	146
Deposits received	3,471	3,354	3,416	3,029
Amounts due to related parties (note)	131	156	133	230
Amounts due to subsidiaries	163,725	108,237	48,769	47,769
Refund liabilities arising from right of return	—	—	—	1,109
Provision of sale rebates	—	—	1,371	1,231
Other payables	139,430	106,203	94,092	74,026
	<u>395,171</u>	<u>289,447</u>	<u>248,794</u>	<u>217,872</u>

The Group and the Company are granted by its suppliers a credit period of 30 - 150 days after the date of invoice.

Note: The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

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Based on the invoice dates, the aging analysis of the trade payables is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Within 1 year.	71,365	63,158	99,505	91,323
Over 1 year.	3	5	7	2
	<u>71,368</u>	<u>63,163</u>	<u>99,512</u>	<u>91,325</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Within 1 year.	66,502	52,818	80,223	79,618
Over 1 year.	3	5	5	1
	<u>66,505</u>	<u>52,823</u>	<u>80,228</u>	<u>79,619</u>

26. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Receipts in advance from customers.	<u>17,382</u>	<u>19,636</u>	<u>9,181</u>	<u>13,810</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Receipts in advance from customers.	<u>12,515</u>	<u>18,464</u>	<u>8,504</u>	<u>13,140</u>

The Group and the Company receive advance payments from customers for sales of pharmaceutical products, these will give rise to contract liabilities at the commencement of a contract until the revenue recognised at the satisfaction of the performance obligation by the Group and the Company.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, none of the contract liabilities that is expected to be settled after more than one year.

The increase/decrease of contract liabilities as at 31 December 2022, 2023 and 2024 and 30 June 2025 is mainly due to the increase/decrease in the deposits received as a result of more/less manufacturing orders received from customers near the Track Record Period and six months ended 30 June 2025.

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Contract liabilities outstanding at the beginning of the year/period have been recognised as revenue during the Track Record Period and six months ended 30 June 2024 and 2025, is as follows:

The Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the year/period	6,977	17,024	17,539	17,495	2,856

The Company

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the year/period	4,930	12,217	16,488	16,436	2,457

The manufacturing contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

27. DEFERRED INCOME

Deferred income represents the government grants received from the PRC government in relation to the acquisition of certain property, plant and equipment and the subsidies related to revenue.

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Assets-related government grants . .	749	3,822	3,151	2,902
Revenue-related government grants .	–	1,500	–	–
	749	5,322	3,151	2,902

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Assets-related government grants . .	–	1,379	1,178	1,077

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28. BANK BORROWINGS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Carrying amount repayable (note)				
Within one year	214,479	395,730	582,375	643,226
In the second to fifth years	779,229	695,840	611,179	696,475
Total carrying amount	993,708	1,091,570	1,193,554	1,339,701
Less: amount due within one year . .	(214,479)	(395,730)	(582,375)	(643,226)
Carrying amount shown under non-current liabilities	779,229	695,840	611,179	696,475
Analysed as:				
Fixed-rate borrowings	250,759	208,855	276,862	306,314
Variable rate borrowings	742,949	882,715	916,692	1,033,387
	993,708	1,091,570	1,193,554	1,339,701

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Carrying amount repayable (note)				
Within one year	166,399	373,330	465,039	516,615
In the second to fifth years	673,229	557,540	566,979	638,265
Total carrying amount	839,628	930,870	1,032,018	1,154,880
Less: amount due within one year . .	(166,399)	(373,330)	(465,039)	(516,615)
Carrying amount shown under non-current liabilities	673,229	557,540	566,979	638,265
Analysed as:				
Fixed-rate borrowings	196,679	162,854	262,173	300,425
Variable rate borrowings	642,949	768,016	769,845	854,455
	839,628	930,870	1,032,018	1,154,880

Note: The amounts are based on the scheduled repayment dates set out in the loan agreements.

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Bank borrowings				
– Secured (note (a))	583,964	561,713	463,282	462,582
– Unsecured	10,000	9,980	9,970	9,960
– Guaranteed (note (b))	399,744	519,877	720,302	867,159
	993,708	1,091,570	1,193,554	1,339,701

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Bank borrowings				
– Secured (<i>note (a)</i>)	583,964	561,713	463,282	462,582
– Unsecured	10,000	9,980	9,970	9,960
– Guaranteed (<i>note (b)</i>)	245,664	359,177	558,766	682,338
	<u>839,628</u>	<u>930,870</u>	<u>1,032,018</u>	<u>1,154,880</u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, the bank borrowings of the Group and the Company bear effective interest rates ranging from 2.65% to 5.65%, 2.35% to 4.35%, 2.25% to 4.00% and 2.00% to 3.65% per annum, respectively.

Notes:

- (a) Details of assets pledged for the Group’s bank borrowings are disclosed in note 34 to the Historical Financial Information.
- (b) The amounts are guaranteed by Mr. Deng Xueqin, the controlling shareholder of the Company; Ms. Wen Shaozhen, the spouse of Mr. Deng Xueqin; Shenzhen Keyi Pharmaceutical Holdings Co., Ltd., the immediate holding of the Company; and Genzon Investment Group Co., Ltd., the ultimate holding of the Company.

29. LEASE LIABILITIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Total minimum lease payments:				
– Within 1 year	21,571	7,740	13,405	10,935
– Over 1 year but within 5 years. . .	27,516	19,368	15,758	12,430
	<u>49,087</u>	<u>27,108</u>	<u>29,163</u>	<u>23,365</u>
Future finance charges on lease liabilities	(4,255)	(2,617)	(1,932)	(1,418)
Present value of lease liabilities . . .	<u>44,832</u>	<u>24,491</u>	<u>27,231</u>	<u>21,947</u>
Present value of minimum lease payments:				
– Within 1 year	19,870	6,705	12,447	10,203
– Over 1 year but within 5 years. . .	24,962	17,786	14,784	11,744
	<u>44,832</u>	<u>24,491</u>	<u>27,231</u>	<u>21,947</u>
Less: portion due within 1 year included under current liabilities .	<u>(19,870)</u>	<u>(6,705)</u>	<u>(12,447)</u>	<u>(10,203)</u>
Portion due after 1 year included under non-current liabilities	<u>24,962</u>	<u>17,786</u>	<u>14,784</u>	<u>11,744</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, lease liabilities amounted to RMB44,832,000, RMB24,491,000, RMB27,231,000 and RMB21,947,000, respectively, are effectively secured by the related underlying assets as the rights to the leased assets would be reverted to the lessors in the event of default by repayment by the Group.

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During the Track Record Period and six months ended 30 June 2024 and 2025, the total cash outflows for the leases were RMB20,810,000, RMB20,873,000, RMB13,791,000, RMB7,000,000 and RMB5,171,000, respectively.

Details of lease activities

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group has entered into the following leases:

Type of right-of-use asset	Number of lease	Range of remaining lease term	Number of lease with extension option	Number of lease with purchase option	Number of lease with termination option
As at 31 December 2022					
Leasehold land	1	6 years	1	–	1
Properties and buildings . .	4	1-3 years	4	–	4
As at 31 December 2023					
Leasehold land	1	5 years	1	–	1
Properties and buildings . .	4	1 to 2 years	4	–	4
As at 31 December 2024					
Leasehold land	1	4 years	1	–	1
Properties and buildings . .	4	1 to 2 years	4	–	4
As at 30 June 2025 (unaudited)					
Leasehold land	1	3.5 years	1	–	1
Properties and buildings . .	4	1 to 2 years	4	–	4

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Total minimum lease payments:				
– Within 1 year	9,625	1,597	5,649	3,766
– Over 1 year but within 5 years . .	1,605	–	942	–
	11,230	1,597	6,591	3,766
Future finance charges on lease liabilities	(314)	(10)	(167)	(57)
Present value of lease liabilities . . .	10,916	1,587	6,424	3,709
Present value of minimum lease payments:				
– Within 1 year	9,321	1,587	5,487	3,709
– Over 1 year but within 5 years . .	1,595	–	937	–
	10,916	1,587	6,424	3,709
Less: portion due within 1 year included under current liabilities .	(9,321)	(1,587)	(5,487)	(3,709)
Portion due after 1 year included under non-current liabilities	1,595	–	937	–

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30. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred taxes relate to the same taxation jurisdiction.

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period and six months ended 30 June 2025 are as follows:

The Group

	Deferred income	Accrued expenses	Tax losses	Lease liabilities	Unrealised profits on intra-group transactions	Provision for assets	Equity settled share-based payments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	–	–	7,671	9,246	–	3,550	–	–	20,467
Credited/(Charged) to profit or loss	–	–	47,712	(2,753)	–	251	1,177	–	46,387
As at 31 December 2022 and 1 January 2023	–	–	55,383	6,493	–	3,801	1,177	–	66,854
Credited/(Charged) to profit or loss	798	3,329	66,231	(2,957)	–	(112)	(167)	–	67,122
As at 31 December 2023 and 1 January 2024	798	3,329	121,614	3,536	–	3,689	1,010	–	133,976
(Charged)/Credited to profit or loss	(325)	85	(23,886)	516	6,183	207	(52)	514	(16,758)
As at 31 December 2024 and 1 January 2025	473	3,414	97,728	4,052	6,183	3,896	958	514	117,218
Credited to other comprehensive income	–	–	–	–	–	–	4,095	–	4,095
(Charged)/Credited to profit or loss	(38)	1,774	(2,142)	(908)	(314)	948	(362)	88	(954)
As at 30 June 2025 (unaudited)	435	5,188	95,586	3,144	5,869	4,844	4,691	602	120,359

The Company

	Deferred income	Accrued expenses	Tax losses	Lease liabilities	Unrealised profits on intra-group transactions	Provision for assets	Equity settled share-based payments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	–	–	5,411	2,973	–	3,402	–	–	11,786
Credited/(Charged) to profit or loss	–	–	28,567	(1,627)	–	319	928	–	28,187
As at 31 December 2022 and 1 January 2023	–	–	33,978	1,346	–	3,721	928	–	39,973
Credited/(Charged) to profit or loss	207	–	14,145	(1,108)	–	(38)	82	–	13,288
As at 31 December 2023 and 1 January 2024	207	–	48,123	238	–	3,683	1,010	–	53,261
(Charged)/Credited to profit or loss	(30)	999	(24,889)	726	–	(667)	(52)	514	(23,399)
As at 31 December 2024 and 1 January 2025	177	999	23,234	964	–	3,016	958	514	29,862
Credited to other comprehensive income	–	–	–	–	–	–	4,095	–	4,095
(Charged)/Credited to profit or loss	(15)	1,785	(4,194)	(408)	–	(283)	(362)	88	(3,389)
As at 30 June 2025 (unaudited)	162	2,784	19,040	556	–	2,733	4,691	602	30,568

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The following table lists out the tax losses, deductible temporary differences and lease liabilities which were not recognised as deferred tax assets at the end of each reporting period:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Tax losses	21,920	50,700	90,646	125,739
Deductible temporary differences . .	8,922	8,943	8,999	3,710
Lease liabilities	1,546	919	222	984
	<u>32,388</u>	<u>60,562</u>	<u>99,867</u>	<u>130,433</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group has unrecognised tax losses of RMB21,920,000, RMB50,700,000, RMB90,646,000 and RMB125,739,000, respectively, to carry forward against future taxable income. These tax losses will be expired in the following years:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Not expire	–	25	30	60
2023	2,837	–	–	–
2024	6,174	6,174	–	–
2025	1,966	1,966	1,966	–
2026	521	521	521	–
2027	10,422	10,417	10,417	10,024
2028	–	31,597	28,617	28,173
2029	–	–	49,095	69,447
2030	–	–	–	18,035
	<u>21,920</u>	<u>50,700</u>	<u>90,646</u>	<u>125,739</u>

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(b) Deferred tax liabilities

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The movements in deferred tax liabilities during the Track Record Period and six months ended 30 June 2025 are as follows:

	Accelerated tax depreciation	Fair value adjustments arising from financial assets	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	–	7,119	8,366	–	15,485
Charged/(Credited) to profit or loss	2,243	(803)	(2,379)	–	(939)
As at 31 December 2022 and 1 January 2023	2,243	6,316	5,987	–	14,546
(Credited)/Charged to profit or loss	(499)	36	(2,731)	4	(3,190)
As at 31 December 2023 and 1 January 2024	1,744	6,352	3,256	4	11,356
Charged to other comprehensive income . .	–	129	–	–	129
(Credited)/Charged to profit or loss	(184)	(4,378)	557	(4)	(4,009)
As at 31 December 2024 and 1 January 2025	1,560	2,103	3,813	–	7,476
(Credited)/Charged to profit or loss	(94)	2,316	(905)	–	1,317
As at 30 June 2025 (unaudited)	1,466	4,419	2,908	–	8,793

The Company

	Accelerated tax depreciation	Fair value adjustments arising from financial assets	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	–	7,119	–	–	7,119
Charged/(Credited) to profit or loss	1,895	(803)	1,055	–	2,147
As at 31 December 2022 and 1 January 2023	1,895	6,316	1,055	–	9,266
(Credited)/Charged to profit or loss	(457)	36	(864)	4	(1,281)
As at 31 December 2023 and 1 January 2024	1,438	6,352	191	4	7,985
(Credited)/Charged to profit or loss	(142)	(4,378)	760	(4)	(3,764)
As at 31 December 2024 and 1 January 2025	1,296	1,974	951	–	4,221
(Credited)/Charged to profit or loss	(71)	2,316	(408)	–	1,837
As at 30 June 2025 (unaudited)	1,225	4,290	543	–	6,058

As at 31 December 2022, 2023 and 2024 and 30 June 2025, no deferred tax liabilities have been established for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries because the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future.

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31. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Number of share	Share capital
		<i>RMB'000</i>
As at 1 January 2022, 31 December 2022 and 1 January 2023	198,700,650	198,701
Exercise of restricted shares (<i>note (a)</i>)	498,000	498
As at 31 December 2023 and 1 January 2024	199,198,650	199,199
Exercise of restricted shares (<i>note (b)</i>)	443,600	443
As at 31 December 2024 and 1 January 2025	199,642,250	199,642
Exercise of restricted shares (<i>note (c)</i>)	1,615,000	1,615
As at 30 June 2025 (unaudited)	201,257,250	201,257

Notes:

- (a) During the year ended 31 December 2023, 498,000 shares were issued upon vesting of restricted shares granted to employees. Therefore, share capital of RMB498,000 was recognised.
- (b) During the year ended 31 December 2024, 443,600 shares were issued upon vesting of restricted shares granted to employees. Therefore, share capital of RMB443,000 was recognised.
- (c) During the six months ended 30 June 2025, 1,615,000 shares were issued upon vesting of restricted shares granted to employees. Therefore, share capital of RMB1,615,000 was recognised.

(b) Treasury shares

	Number of share	Treasury shares
		<i>RMB'000</i>
As at 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023 and 1 January 2024	–	–
Repurchase of shares (<i>note (i)</i>)	1,880,572	(31,120)
As at 31 December 2024 and 1 January 2025	1,880,572	(31,120)
Repurchase of shares (<i>note (ii)</i>)	1,269,333	(47,382)
As at 30 June 2025 (unaudited)	3,149,905	(78,502)

Notes:

- (i) During the year ended 31 December 2024, a total of 1,880,572 A shares has been repurchased, and therefore treasury shares of RMB31,120,000, including RMB5,000 transaction cost, were recognised. The shares were repurchased with an average price of RMB16.55 per share.
- (ii) During the six months ended 30 June 2025, a total of 1,269,333 A shares has been repurchased, and therefore treasury shares of RMB47,382,000, including RMB5,000 transaction cost, were recognised. The shares were repurchased with an average price of RMB37.33 per share.

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32. SHARE-BASED EMPLOYEE COMPENSATION

Type II restricted shares (the “restricted shares”) refer to the right to exercise the options to subscribe for ordinary shares that participants may subscribe for under the restricted share incentive plans. Participants of restricted shares have the right to exercise the options to subscribe for ordinary shares newly issued by the Company upon satisfaction of the Group’s performance conditions and the participants’ individual service conditions under the restricted share incentive plans.

All restricted shares will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the restricted shares other than by issuing the Company’s shares.

(a) 2022 Restricted share incentive plan

On 30 May 2022, the Company held the 34th meeting of the First Session of the Board of Directors and the 20th meeting of the First Session of the Board of Supervisors, which reviewed and approved the 2022 Restricted Share Incentive Plan. It was determined that the initial grant date was 30 May 2022, and 2,083,000 restricted shares would be granted to 81 eligible participants, including directors, senior management personnel and key technical and business personnel, at a grant price of RMB15.80 per share.

The terms and conditions of the incentive plan are as follows:

	Vesting period	Percentage of vesting rights relative to total granted rights
First vesting period for restricted shares granted.	From the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date	30%
Second vesting period for restricted shares granted.	From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date	30%
Third vesting period for restricted shares granted.	From the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date	40%

The fair values of restricted shares granted were determined using the Black-Scholes Option Pricing model that takes into account factors specific to the incentive plan. The following principal assumptions were used in the valuation:

	First vesting period	Second vesting period	Third vesting period
Share price at date of grant	28.06	28.06	28.06
Expected volatility	16.55%	17.03%	17.22%
Expected option life	1	2	3
Dividend yield	0%	0%	0%
Risk-free interest rate.	1.50%	2.10%	2.75%
Fair value at grant date	12.50	12.92	13.54
Exercise price at date of grant	15.80	15.80	15.80

(b) 2024 Restricted share incentive plan

On 14 June 2024, the Company held the 16th meeting of the Second Session of the Board of Directors and the 15th meeting of the Second Session of the Board of Supervisors, which reviewed and approved the 2024 Restricted Share Incentive Plan. It was determined that the initial grant date was 14 June 2024, and 3,786,000 restricted shares would be granted to 147 eligible participants, including directors, senior management personnel and key technical and business personnel, at a grant price of RMB12.00 per share.

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The terms and conditions of the incentive plan are as follows:

	Vesting period	Percentage of vesting rights relative to total granted rights
First vesting period for restricted shares granted.	From the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date	50%
Second vesting period for restricted shares granted.	From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date	50%

The fair values of restricted shares granted were determined using the Black-Scholes Option Pricing model that takes into account factors specific to the incentive plan. The following principal assumptions were used in the valuation:

	First vesting period	Second vesting period
Share price at date of grant	17.88	17.88
Expected volatility	13.25%	13.24%
Expected option life	1	2
Dividend yield	0%	0%
Risk-free interest rate	1.50%	2.10%
Fair value at grant date	6.06	6.38
Exercise price at date of grant	12.00	12.00

Details of restricted shares and weighted average exercise price are as follows:

	Number of share	Weighted average exercise price	Weighted average remaining contractual life
		RMB	
Outstanding as at 1 January 2022	–	–	–
Granted	2,083,000	15.80	
Cancelled	(288,000)	15.80	
Outstanding as at 31 December 2022 and 1 January 2023	1,795,000	15.80	1.5 years
Granted	200,000	15.70	
Exercised	(498,000)	15.70	
Cancelled	(266,600)	15.70	
Outstanding as at 31 December 2023 and 1 January 2024	1,230,400	15.70	0.7 year
Granted	3,786,000	12.00	
Exercised	(443,600)	15.70	
Cancelled	(1,248,800)	14.33	
Outstanding as at 31 December 2024 and 1 January 2025	3,324,000	12.00	1 year
Exercised	(1,615,000)	11.92	
Cancelled	(100,000)	11.92	
Outstanding as at 30 June 2025 (unaudited)	1,609,000	11.92	0.5 year

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33. RESERVES

The Group

During the Track Record Period and six months ended 30 June 2024 and 2025, the amounts of the Group’s reserves and the movements therein are presented in the consolidated statements of changes in equity.

The Company

During the Track Record Period and six months ended 30 June 2024 and 2025, the amounts of the Company’s reserves and the movements therein are presented as follows:

	Share capital	Treasury share	Capital reserve	Statutory reserve	Retained earnings	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2022	198,701	–	1,414,457	19,852	162,776	1,795,786
Loss for the year	–	–	–	–	(55,658)	(55,658)
2021 final dividend (note 12)	–	–	–	–	(19,870)	(19,870)
Equity settled share-based payments	–	–	7,846	–	–	7,846
As at 31 December 2022 and 1 January 2023	198,701	–	1,422,303	19,852	87,248	1,728,104
Loss for the year	–	–	–	–	(38,923)	(38,923)
Exercise of restricted shares	498	–	7,321	–	–	7,819
Equity settled share-based payments	–	–	7,719	–	–	7,719
As at 31 December 2023 and 1 January 2024	199,199	–	1,437,343	19,852	48,325	1,704,719
Profit for the year	–	–	–	–	51,039	51,039
Exercise of restricted shares	443	–	6,521	–	–	6,964
Equity settled share-based payments	–	–	4,444	–	–	4,444
Repurchase of shares	–	(31,120)	(5)	–	–	(31,125)
Appropriation of statutory reserve	–	–	–	5,104	(5,104)	–
As at 31 December 2024 and 1 January 2025	199,642	(31,120)	1,448,303	24,956	94,260	1,736,041
Profit for the period	–	–	–	–	69,360	69,360
2024 final dividend (note 12)	–	–	–	–	(15,779)	(15,779)
Exercise of restricted shares	1,615	–	21,731	–	–	23,346
Equity settled share-based payments	–	–	6,749	–	–	6,749
Repurchase of shares	–	(47,382)	(5)	–	–	(47,387)
As at 30 June 2025 (unaudited).	201,257	(78,502)	1,476,778	24,956	147,841	1,772,330
As at 1 January 2024	199,199	–	1,437,343	19,852	48,325	1,704,719
Loss for the period	–	–	–	–	(37,082)	(37,082)
Equity settled share-based payments	–	–	3,108	–	–	3,108
Repurchase of shares	–	(31,120)	(5)	–	–	(31,125)
As at 30 June 2024 (unaudited)	199,199	(31,120)	1,440,446	19,852	11,243	1,639,620

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34. PLEDGED OR RESTRICTED ASSETS

The carrying amounts of the Group’s pledged or restricted assets at the end of each reporting period are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Property, plant and equipment	555,501	538,842	507,294	497,343
Investment properties	5,826	5,312	2,805	2,479
Right-of-use assets	2,657	2,598	–	–
Bills receivable	8,260	3,704	11,600	6,958
Pledged deposits	1,412	8,866	1,610	1,562
	<u>573,656</u>	<u>559,322</u>	<u>523,309</u>	<u>508,342</u>

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The reconciliation of liabilities arising from financing activities is as follows:

	Bank borrowings	Lease liabilities	Total
	RMB’000 (note 28)	RMB’000 (note 29)	RMB’000
As at 1 January 2022	539,630	61,640	601,270
Cash flows:			
– Repayment	(573,008)	–	(573,008)
– Proceeds	1,027,086	–	1,027,086
– Capital element of lease rentals paid	–	(17,899)	(17,899)
– Interest expenses paid	(32,731)	(2,397)	(35,128)
Non-cash:			
– Entering into new lease	–	1,934	1,934
– Interest expenses	26,307	2,397	28,704
– Interest capitalised	8,365	–	8,365
– Others	(1,941)	(843)	(2,784)
As at 31 December 2022 and 1 January 2023 . . .	<u>993,708</u>	<u>44,832</u>	<u>1,038,540</u>
Cash flows:			
– Repayment	(355,210)	–	(355,210)
– Proceeds	453,074	–	453,074
– Capital element of lease rentals paid	–	(17,676)	(17,676)
– Interest expenses paid	(42,634)	(1,585)	(44,219)
Non-cash:			
– Entering into new lease	–	3,768	3,768
– Early termination	–	(4,029)	(4,029)
– Interest expenses	39,135	1,585	40,720
– Interest capitalised	4,886	–	4,886
– Others	(1,389)	(2,404)	(3,793)
As at 31 December 2023 and 1 January 2024 . . .	<u>1,091,570</u>	<u>24,491</u>	<u>1,116,061</u>

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	Bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
	(note 28)	(note 29)	
Cash flows:			
– Repayment	(559,466)	–	(559,466)
– Proceeds	661,450	–	661,450
– Capital element of lease rentals paid	–	(10,307)	(10,307)
– Interest expenses paid	(43,543)	(1,281)	(44,824)
Non-cash:			
– Lease modification	–	16,147	16,147
– Interest expenses	43,571	1,281	44,852
– Interest capitalised	955	–	955
– Others	(983)	(3,100)	(4,083)
As at 31 December 2024 and 1 January 2025 . . .	1,193,554	27,231	1,220,785
Cash flows:			
– Repayment	(287,615)	–	(287,615)
– Proceeds	433,762	–	433,762
– Capital element of lease rentals paid	–	(4,687)	(4,687)
– Interest expenses paid	(20,036)	(554)	(20,590)
Non-cash:			
– Lease modification	–	1,082	1,082
– Interest expenses	20,616	554	21,170
– Interest capitalised	19	–	19
– Others	(599)	(1,679)	(2,278)
As at 30 June 2025 (unaudited)	1,339,701	21,947	1,361,648
As at 1 January 2024	1,091,570	24,491	1,116,061
Cash flows:			
– Repayment	(218,535)	–	(218,535)
– Proceeds	326,345	–	326,345
– Capital element of lease rentals paid	–	(5,375)	(5,375)
– Interest expenses paid	(21,570)	(602)	(22,172)
Non-cash:			
– Lease modification	–	16,147	16,147
– Interest expenses	21,241	602	21,843
– Interest capitalised	931	–	931
– Others	(602)	(1,752)	(2,354)
As at 30 June 2024 (unaudited)	1,199,380	33,511	1,232,891

36. COMMITMENTS

(a) Capital commitments

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Contracted, but not provided for				
– Property, plant and equipment . . .	57,596	20,149	7,637	6,612
– Intangible assets	73,500	33,600	42,032	55,401
	131,096	53,749	49,669	62,013

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(b) Lease commitments — As lessee

At the end of each reporting period, the Group’s lease commitments for short-term leases are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Within 1 year.	374	83	495	311

(c) Lease commitments — As lessor

At the end of each reporting period, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its properties and buildings as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Within 1 year.	2,521	2,184	2,262	2,276
After 1 year but within 2 years. . . .	2,184	946	1,961	1,317
After 2 years but within 3 years . . .	946	974	1,003	1,018
After 3 years but within 4 years . . .	974	1,003	1,033	1,049
After 4 years but within 5 years . . .	1,003	1,033	1,064	1,080
After 5 years	4,703	3,782	2,718	2,062
	12,331	9,922	10,041	8,802

The Group leases its investment properties (note 16) under operating lease arrangements which run for an initial period of two to ten years. The terms of the leases generally also require the tenants to pay security deposits.

37. RELATED PARTY TRANSACTIONS

Other than as disclosed in elsewhere to the Historical Financial Information, the Group entered into the following material related party transactions during the Track Record Period and six months ended 30 June 2024 and 2025.

(a) Relationships with related parties

Company name	Relationship
Guangzhou Yunsheng Tianji Technology Co., Ltd. (廣州雲升天紀科技有限公司)	A related company exercised significant influence by the shareholder of the Company
Chuangyi Biological Technology Co., Ltd. (創益 生物科技有限公司)	A related company controlled by the shareholder of the Company
Zhengzhong Industry Holdings Group Co., Ltd. (正中產業控股集團有限公司)	A related company controlled by the shareholder of the Company
Shenzhen Kexing Property Management Co., Ltd. (深圳科興物業經營管理有限公司)	A related company controlled by the shareholder of the Company

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(b) Transactions with related parties

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Property management fee, water and electricity charges					
– Related companies	4,977	4,742	4,662	2,198	1,958
Depreciation and interest expenses borne by the Group as a lessee					
– Related companies	23,776	23,222	15,900	8,262	6,677
Additions of right-of-use assets					
– Related companies	1,934	–	16,147	16,147	1,082
Short-term lease payments					
– Related companies	–	309	835	584	188

(c) Balances with related parties

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Amounts due from related parties (note 23)	167	361	1,703	1,688
Amounts due to related parties (note 25)	151	181	150	1,070

(d) Key management personnel emoluments

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Salaries, allowances and other benefits	5,977	5,879	7,014	3,130	3,141
Retirement scheme contributions	554	571	608	296	328
Equity settled share-based payments	1,311	1,591	1,029	655	1,410
	7,842	8,041	8,651	4,081	4,879

Further details of the directors’, chief executives’ and supervisors’ emoluments are disclosed in note 9(b) to the Historical Financial Information.

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38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and investment activities. The financial risks include market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Group’s overall financial risk management policies focus on the unpredictability and volatility at financial markets and seek to minimise potential adverse effects on the financial position, financial performance and cash flows of the Group. No derivative financial instruments are used to hedge any risk exposures.

38.1 Categories of financial assets and liabilities

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Financial assets				
Financial assets measured at amortised cost				
– Trade and other receivables	367,931	290,171	516,767	588,902
– Pledged deposits	1,412	8,866	1,610	1,562
– Cash and cash equivalents	783,971	559,931	552,952	446,234
Financial assets at FVTPL	242,108	226,297	183,614	414,231
Financial assets at FVTOCI	38,064	71,322	79,112	89,318
	<u>1,433,486</u>	<u>1,156,587</u>	<u>1,334,055</u>	<u>1,540,247</u>
Financial liabilities				
Financial liabilities measured at amortised cost				
– Trade and other payables	281,778	247,179	277,413	238,603
– Bank borrowings	993,708	1,091,570	1,193,554	1,339,701
– Lease liabilities	44,832	24,491	27,231	21,947
	<u>1,320,318</u>	<u>1,363,240</u>	<u>1,498,198</u>	<u>1,600,251</u>

38.2 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s exposure to foreign currency risk mainly arises from its overseas sales and purchases and the Group’s cash and cash equivalents, which are primarily denominated in United States dollar (“USD”) and Euro (“EUR”). These are not the functional currency of the group entities to which these transactions relate.

The financial assets and liabilities denominated in USD and EUR, translated into RMB at the closing rates, are as follows:

	USD	EUR
	RMB'000	RMB'000
As at 31 December 2022		
Assets	39,101	–
Liabilities	(93)	(347)
Net exposure	<u>39,008</u>	<u>(347)</u>

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	USD	EUR
	RMB'000	RMB'000
As at 31 December 2023		
Assets	63,110	112
Liabilities	(763)	–
Net exposure	62,347	112
As at 31 December 2024		
Assets	77,931	40,737
Liabilities	(654)	(1,806)
Net exposure	77,277	38,931
As at 30 June 2025 (unaudited)		
Assets	102,801	92,858
Liabilities	(161)	(4,142)
Net exposure	102,640	88,716

The following tables illustrate the sensitivity of the Group’s (loss)/profit before income tax and equity in regard to an appreciation in the functional currency of respective group entities against USD and EUR. These sensitivity rates are the rates used when reporting foreign currency risk internally to key management personnel and represent management’s best assessment of the possible change in foreign exchange rates.

	Sensitivity rate	Increase/ (Decrease) in loss before income tax	Increase/ (Decrease) in equity
		RMB'000	RMB'000
As at 31 December 2022			
USD	5%	1,950	(1,950)
EUR	5%	(17)	17
As at 31 December 2023			
USD	5%	3,117	(3,117)
EUR	5%	6	(6)
	Sensitivity rate	Decrease in profit before income tax	Decrease in equity
		RMB'000	RMB'000
As at 31 December 2024			
USD	5%	3,864	3,864
EUR	5%	1,947	1,947
As at 30 June 2025 (unaudited)			
USD	5%	5,132	5,132
EUR	5%	4,436	4,436

The same percentage depreciation in the functional currency of respective group entities against the respective foreign currencies would have the same magnitude on the Group’s (loss)/profit before income tax and equity but of opposite effect.

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38.3 Price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to price risk mainly arising from its investments in private fund and unlisted equity investments which are classified as financial assets at FVTPL and FVTOCI and will not be sold within one year.

Sensitivity analysis is performed by management to assess the exposure of the Group’s financial results to price risk of financial assets at FVTPL and FVTOCI at the end of each reporting period. If the prices of the respective investments held by the Group had been 10% higher/lower as at 31 December 2022, 2023 and 2024 and 30 June 2025, the (loss)/profit before income tax for the Track Record Period and six months ended 30 June 2025 would have been approximately RMB24,211,000, RMB22,630,000, RMB18,361,000 and RMB24,105,000 higher/lower, respectively, as a result of gain/loss on financial assets at FVTPL; and other comprehensive income for the Track Record Period and six months ended 30 June 2025 would have been approximately RMB1,500,000, RMB1,500,000, RMB1,586,000 and RMB1,586,000 higher/lower, respectively, as a result of gain/loss on financial assets at FVTOCI.

38.4 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group’s interest rate risk primarily arises from bank borrowings and lease liabilities. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank borrowings issued at fixed rates and lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The Group has been monitoring the level of interest rates. An increase in interest rate will raise the cost of new interest-bearing borrowings and also increase the interest expenses of the Group’s outstanding interest-bearing borrowings that accrue interest at variable rates, thereby exerting a significant adverse impact on the Group’s financial performance. Therefore, management will make timely adjustments in light of the latest market conditions to mitigate interest rate risk.

Details of the Group’s variable rate borrowings as at 31 December 2022, 2023 and 2024 and 30 June 2025 are disclosed in note 28 to the Historical Financial Information.

If interest rates of variable rate borrowings had been 50 basis points higher/lower with all other variables held constant, the (loss)/profit before income tax would be RMB3,715,000, RMB4,414,000, RMB4,583,000 and RMB5,167,000 lower/higher for the Track Record Period and six months ended 30 June 2025, respectively.

38.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

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The Group’s maximum exposure to credit risk for the components of the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025 is the carrying amount as disclosed in note 38.1 to the Historical Financial Information.

Trade receivables

The Group has adopted a policy of conducting transactions only with counterparties with good credit standing. In addition, the Group assesses the creditworthiness of customers based on factors such as customers’ financial conditions, the possibility of obtaining guarantees from third parties, credit records and other factors including current market conditions, and sets corresponding credit periods accordingly. The Group conducts continuous monitoring of the balance of trade receivables as well as their collection status. For customers with poor credit records, the Group will take measures such as sending written collection demands, shortening credit periods, or revoking credit periods to ensure that the Group does not face significant credit losses. Furthermore, the Group reviews the collectability of trade receivables at the end of each reporting period to ensure that sufficient ECL allowance has been recognised. It is not the Group’s policy to request collateral from its customers.

In addition, as set out in note 3.2 to the Historical Financial Information, except for certain trade receivables with significant outstanding which are assessed individually, the Group assesses ECL allowance under IFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past 36 months as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer’s ability to settle the amount outstanding. At the end of each reporting period, the historical default rates are updated and changes in the forward-looking estimates are analysed. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment.

Trade receivables with significant outstanding balances from a customer with gross carrying amount of RMB3,134,000, RMB3,187,000, nil and RMB3,310,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, are assessed individually as the credit risk characteristics are different with other customers. The exposure to credit risk for these balances are assessed with ECL allowance of RMB3,134,000, RMB3,187,000, nil and RMB33,000 were provided by the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. The remaining trade receivables with aggregate gross carrying amount of RMB362,082,000, RMB296,252,000, RMB501,590,000 and RMB561,063,000 are assessed based on debtors’ aging as well as forward-looking estimates at the end of each reporting period.

Trade receivables are written-off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments after the credit period from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2022, 2023 and 2024 and 30 June 2025, trade receivables from largest customer and top 5 customers accounted for 25%, 23%, 21% and 16%, and 47%, 51%, 50% and 51% of total trade receivables, respectively.

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On the above basis, the ECL allowance of trade receivables as at 31 December 2022, 2023 and 2024 and 30 June 2025 is determined as follows:

	<u>ECL rate</u>	<u>Gross carrying amount</u>	<u>Lifetime ECL</u>	<u>Net carrying amount</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2022				
Collective assessment				
– Current	4.83%	257,511	(12,448)	245,063
– Within 1 year	5.45%	96,155	(5,245)	90,910
– 1 - 2 years	17.06%	1,682	(287)	1,395
– 2 - 3 years	100%	6,734	(6,734)	–
Individual assessment.	100%	3,134	(3,134)	–
		<u>365,216</u>	<u>(27,848)</u>	<u>337,368</u>
As at 31 December 2023				
Collective assessment				
– Current	4.99%	200,206	(10,000)	190,206
– Within 1 year	5.36%	86,942	(4,659)	82,283
– 1 - 2 years	15.25%	2,400	(366)	2,034
– 2 - 3 years	100%	6,704	(6,704)	–
Individual assessment.	100%	3,187	(3,187)	–
		<u>299,439</u>	<u>(24,916)</u>	<u>274,523</u>
As at 31 December 2024				
Collective assessment				
– Current	3.77%	360,637	(13,606)	347,031
– Within 1 year	4.46%	134,162	(5,983)	128,179
– 1 - 2 years	10.81%	74	(8)	66
– 2 - 3 years	100%	6,717	(6,717)	–
		<u>501,590</u>	<u>(26,314)</u>	<u>475,276</u>
As at 30 June 2025 (unaudited)				
Collective assessment				
– Current	1.36%	364,144	(4,941)	359,203
– Within 1 year	7.87%	190,259	(14,979)	175,280
– 1 - 2 years	34.17%	120	(41)	79
– 2 - 3 years	100%	6,540	(6,540)	–
Individual assessment.	1.00%	3,310	(33)	3,277
		<u>564,373</u>	<u>(26,534)</u>	<u>537,839</u>

Bills receivable

Expected for ECL allowance of RMB350,000 recognised during the year ended 31 December 2022, credit risk for bills receivable is considered to be immaterial, as all bills receivable are bank acceptance notes, and the Group did not expect that there would be any significant losses from non-performance by these banks.

Finance lease receivables

As at 31 December 2022, the Group’s finance lease receivables are neither past due nor impaired, therefore, the credit risk for finance lease receivables is considered to be immaterial.

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ACCOUNTANTS’ REPORT

Other receivables

Management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience and current external information and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operates. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

To assess whether there is a significant increase in credit risk on other receivables, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default occurring on the financial assets at the date of initial recognition as set out in note 3.2 to the Historical Financial Information.

As stated in note 23 to the Historical Financial Information, ECL allowance of other receivables is measured as either 12-month ECL or lifetime ECL. On such basis, the following tables set forth the ECL allowance of other receivables as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022				
ECL rate	7.46%	100%	100%	17.88%
Gross carrying amount	7,561	8	950	8,519
ECL allowance	564	8	950	1,522
As at 31 December 2023				
ECL rate	8.28%	100%	100%	29.12%
Gross carrying amount	4,853	627	800	6,280
ECL allowance	402	627	800	1,829
As at 31 December 2024				
ECL rate	3.40%	100%	100%	7.24%
Gross carrying amount	16,463	81	600	17,144
ECL allowance	560	81	600	1,241
As at 30 June 2025 (unaudited)				
ECL rate	4.77%	100%	100%	8.10%
Gross carrying amount	18,483	69	600	19,152
ECL allowance	882	69	600	1,551

Pledged deposits and cash and cash equivalents

The credit risks on pledged deposits and cash and cash equivalents are considered to be insignificant because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

38.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group’s objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

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The Group manages the liquidity risk through holding of sufficient cash and bank balances. The Group further mitigates the liquidity risk by maintaining cash reserve and utilising bank financing. The directors consider the Group is not exposed to significant liquidity risk.

Analysed below is the Group’s remaining contractual maturities for its non-derivative financial liabilities as at 31 December 2022, 2023 and 2024 and 30 June 2025. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022					
Trade and other payables	281,778	–	–	281,778	281,778
Bank borrowings	218,988	486,933	426,234	1,132,155	993,708
Lease liabilities	21,571	22,730	4,786	49,087	44,832
	<u>522,337</u>	<u>509,663</u>	<u>431,020</u>	<u>1,463,020</u>	<u>1,320,318</u>
As at 31 December 2023					
Trade and other payables	247,179	–	–	247,179	247,179
Bank borrowings	407,232	606,318	178,957	1,192,507	1,091,570
Lease liabilities	7,740	19,368	–	27,108	24,491
	<u>662,151</u>	<u>625,686</u>	<u>178,957</u>	<u>1,466,794</u>	<u>1,363,240</u>
As at 31 December 2024					
Trade and other payables	277,413	–	–	277,413	277,413
Bank borrowings	597,664	668,139	–	1,265,803	1,193,554
Lease liabilities	13,405	15,758	–	29,163	27,231
	<u>888,482</u>	<u>683,897</u>	<u>–</u>	<u>1,572,379</u>	<u>1,498,198</u>
As at 30 June 2025 (unaudited)					
Trade and other payables	238,603	–	–	238,603	238,603
Bank borrowings	658,656	743,097	–	1,401,753	1,339,701
Lease liabilities	10,935	12,430	–	23,365	21,947
	<u>908,194</u>	<u>755,527</u>	<u>–</u>	<u>1,663,721</u>	<u>1,600,251</u>

38.7 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

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(a) Fair value hierarchy

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the financial assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Private fund	–	–	242,108	242,108
<u>Financial assets at FVTOCI</u>				
– Unlisted equity investment	–	–	15,000	15,000
– Bills receivable measured at FVTOCI	–	23,064	–	23,064
	–	23,064	257,108	280,172
As at 31 December 2023				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Private fund	–	–	226,297	226,297
<u>Financial assets at FVTOCI</u>				
– Unlisted equity investment	–	–	15,000	15,000
– Bills receivable measured at FVTOCI	–	56,322	–	56,322
	–	56,322	241,297	297,619
As at 31 December 2024				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Private fund	–	–	183,614	183,614
<u>Financial assets at FVTOCI</u>				
– Unlisted equity investment	–	–	15,860	15,860
– Bills receivable measured at FVTOCI	–	63,252	–	63,252
	–	63,252	199,474	262,726
As at 30 June 2025 (unaudited)				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Private fund	–	–	199,054	199,054
– Unlisted equity investment	–	–	42,000	42,000
– Wealth management products	–	173,177	–	173,177
<u>Financial assets at FVTOCI</u>				
– Unlisted equity investment	–	–	15,860	15,860
– Bills receivable measured at FVTOCI	–	73,458	–	73,458
	–	246,635	256,914	503,549

During the Track Record Period and six months ended 30 June 2025, there was no transfer between Level 1, Level 2 and Level 3.

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ACCOUNTANTS’ REPORT

(b) Valuation techniques used to determine fair values

Financial assets under Level 2

Assets subject to Level 2 fair value measurement, including bills receivable measured at FVTOCI and wealth management products which are evaluated by market approach.

Financial assets under Level 3

The information of Level 3 fair value measurement is as follows:

	As at 31 December			As at	Valuation technique	Significant unobservable input	Sensitivity relationship
	2022	2023	2024	2025			
	RMB'000	RMB'000	RMB'000	RMB'000			
				(unaudited)			
Financial assets at FVTPL							
Private fund	242,108	226,297	183,614	199,054	Assets approach	Price to book ratio	Should the price to book ratio be increased/decreased by 10%, the fair value of private fund would be increased/decreased by approximately RMB5,617,000, RMB950,000, RMB1,395,000 and RMB1,581,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.
Unlisted equity investment.	-	-	-	42,000	Adjusted net assets approach	Discount for lack of marketability	Should the discount for lack of marketability be increased/decreased by 10%, the fair value of unlisted equity investment would be decreased/increased by approximately RMB4,200,000 as at 30 June 2025.

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	As at 31 December			As at 30 June	Valuation technique	Significant unobservable input	Sensitivity relationship
	2022	2023	2024	2025			
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)			
Financial assets at FVTOCI							
Unlisted equity investment.	15,000	15,000	15,860	15,860	Recent transaction price approach as at 31 December 2022.	N/A	N/A
					Market approach as at 31 December 2023 and 2024 and 30 June 2025	Discount for lack of marketability	Should the discount for lack of marketability be increased/ decreased by 10%, the fair value of unlisted equity investment would be decreased/ increased by approximately RMB930,000, RMB950,000 and RMB950,000 as at 31 December 2023 and 2024 and 30 June 2025.
						Price to book ratio	Should the price to book ratio be increased/decreased by 10%, the fair value of unlisted equity investment would be increased/ decreased by approximately RMB1,500,000, RMB1,586,000 and RMB1,586,000 as at 31 December 2023 and 2024 and 30 June 2025.
	257,108	241,297	199,474	256,914			

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The reconciliation of the carrying amounts of the Group’s private fund and unlisted equity investments classified under Level 3 of the fair value hierarchy is as follows:

	Private fund	Unlisted equity investment at FVTPL	Unlisted equity investment at FVTOCI	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2022.	247,459	–	–	247,459
Addition.	–	–	15,000	15,000
Fair value loss recognised in profit or loss.	(5,351)	–	–	(5,351)
As at 31 December 2022 and 1 January 2023	242,108	–	15,000	257,108
Fair value loss recognised in profit or loss.	(15,811)	–	–	(15,811)
As at 31 December 2023 and 1 January 2024	226,297	–	15,000	241,297
Fair value loss recognised in profit or loss.	(42,683)	–	–	(42,683)
Fair value gain recognised in other comprehensive income	–	–	860	860
As at 31 December 2024 and 1 January 2025	183,614	–	15,860	199,474
Addition.	–	42,000	–	42,000
Fair value gain recognised in profit or loss.	15,440	–	–	15,440
As at 30 June 2025 (unaudited).	199,054	42,000	15,860	256,914

Other financial instruments

Management considered the carrying amounts of other financial assets and liabilities of the Group are not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 30 June 2025 due to immediate or short-term of maturity.

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ACCOUNTANTS’ REPORT

39. CAPITAL MANAGEMENT

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders value.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the gearing ratio. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Total liabilities	1,358,858	1,400,301	1,522,987	1,633,179
Total assets	3,164,698	3,031,096	3,162,233	3,318,292
Gearing ratio	43%	46%	48%	49%

40. SUBSEQUENT EVENTS

The Group has no significant events subsequent to 30 June 2025.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountants’ Report from Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets is prepared in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7, “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” as issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025, as if the [REDACTED] had taken place on 30 June 2025.

The unaudited pro forma 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 the Group attributable to owners of the Company as at 30 June 2025 or at any future dates. It is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025 as set out in the Accountants’ Report in Appendix I to this document, and adjusted as described below.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025	Estimated net proceeds from the [REDACTED]	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2025	
	RMB’000 (note 1)	RMB’000 (note 2)	RMB’000	RMB (note 3)	HK\$ (note 5)
Based on the [REDACTED] of					
HK\$[REDACTED] per					
[REDACTED]	1,432,278	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [REDACTED] of					
HK\$[REDACTED] per					
[REDACTED]	1,432,278	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025 is extracted from the Accountants’ Report set out in Appendix I to this document, which is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2025 of approximately RMB1,682,157,000 after deducting the Group’s intangible assets attributable to owners of the Company of approximately RMB249,879,000 as at 30 June 2025.
- (2) The estimated net proceeds from the [REDACTED] are based on [REDACTED] at the [REDACTED] of HK\$[REDACTED] per [REDACTED] and HK\$[REDACTED] per [REDACTED], being the low end and high end of the indicative [REDACTED] range, respectively, after deduction of the estimated [REDACTED] fees and other related expenses expected to be incurred by the Group subsequent to 30 June 2025 and takes no account of any Shares which may be allotted and issued by the Company upon the exercise of the [REDACTED], any Shares which may be issued by the Company upon the exercise of any options may be granted under the 2024 Restricted Share Incentive Plan or any Shares which may be issued or repurchased by the Company.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares (representing 201,257,250 Shares in issue as at 30 June 2025, excluding 3,149,905 treasury shares as at 30 June 2025, adding [REDACTED] [REDACTED]) were in issue, assuming that the [REDACTED] had been completed on 30 June 2025 but does not take into account of any Shares which may be allotted and issued by the Company upon the exercise of the [REDACTED], any Shares which may be issued by the Company upon the exercise of any options may be granted under the 2024 Restricted Share Incentive Plan or any Shares which may be issued or repurchased by the Company.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025 to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025.
- (5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars has been made at a rate of RMB0.912 to HK\$1.00. No representation is made that Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIB

[REDACTED]

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2025 of the selected property interest held by Kexing Biopharm Co., Ltd.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

[Date]

The Board of Directors
Kexing Biopharm Co., Ltd.
No. 2666 Chuangye Road
Bucun Street
Zhangqiu District, Jinan City
Shandong Province
The PRC

Dear Sirs,

In accordance with your instructions to value the selected property interest held by Kexing Biopharm Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 August 2025 (the “**valuation date**”).

The selected property interest forms part of non-property activities that has a carrying amount of 15% or more of the Group’s total assets and therefore the valuation report of this property interest is required to be included in this document.

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Due to the nature of the buildings and structures of the property and the particular location in which it is situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued by the cost approach with reference to its depreciated replacement cost.

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Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of Real Estate Title Certificates and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC Legal Advisor — Jia Yuan Law Offices, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

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We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 4 September 2025 by Mr. Jimmy Gu. He has more than 13 years’ experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note “Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)”.

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realizable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

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PROPERTY VALUATION REPORT

Our valuation certificate is attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS R.P.S. (GP)

Senior Director

Notes: Eddie T. W. Yiu is a Chartered Surveyor who has 31 years’ experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2025 RMB
Kexing Bio Valley No. 2666 Chuangye Road Zhangqiu District Jinan City Shandong Province The PRC	The subject property known as Kexing Bio Valley occupies 4 parcels of land with a total site area of approximately 87,497 sq.m., which has been developed into an industrial complex with 15 industrial buildings completed between 2013 and 2023.	As at the valuation date, the property was occupied by the Group for office, production, R&D, storage, dormitory and ancillary purposes.	700,500,000

The property has a total gross floor area of approximately 116,448.12 sq.m. The details are set out as follows:

Usage	No. of Storey	Gross Floor Area (sq.m.)
R&D Center	13	16,122.65
Comprehensive Building	11	10,938.34
Workshop A	9	23,967.90
Workshop B	8	23,462.63
Workshop 1	12	22,108.83
Workshop 2	8	14,802.00
Ancillary Building 1	2	559.73
Ancillary Building 2	1	307.51
Laboratory Animal Room	5	2,077.20
Warehouse 1	1	599.95
Warehouse 2	1	883.87
West Guard Room	1	60.22
North Guard Room	1	24.00
Sewage Station	1	66.09
Substation	1	467.20
Total:		116,448.12

The land use rights of the property have been granted for terms expiring on 31 December 2056, 28 June 2059, 14 March 2061 and 30 June 2067 for industrial use.

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Notes:

- Pursuant to 15 Real Estate Title Certificates, 15 industrial buildings of the property with a total gross floor area of approximately 116,448.12 sq.m. are owned by the Company. The relevant land use rights of 4 parcels of land with a total site area of approximately 87,497 sq.m. have been granted for terms expiring on 31 December 2056, 28 June 2059, 14 March 2061 and 30 June 2067 for industrial use. The details are set out as follows:

Real Estate Title Certificate No.	Usage	Gross Floor Area (sq.m.)	Land Use Rights Expiry Date
Lu (2020) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0000799	Comprehensive Building	10,938.34	14 March 2061
Lu (2020) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0000800	Workshop B	23,462.63	14 March 2061
Lu (2020) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0006223	West Guard Room	60.22	14 March 2061
Lu (2020) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0006224	Ancillary Building 1	559.73	14 March 2061
Lu (2020) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0006225	North Guard Room	24.00	14 March 2061
Lu (2020) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0006226	Sewage Station	66.09	14 March 2061
Lu (2021) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0006285	Workshop 1	22,108.83	30 June 2067
Lu (2021) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0006286	Workshop 2	14,802.00	30 June 2067
Lu (2021) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0028557	Laboratory Animal Room	2,077.20	31 December 2056
Lu (2021) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0028558	Substation	467.20	31 December 2056
Lu (2024) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0011747	Workshop A	23,967.90	14 March 2061
Lu (2024) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0011748	R&D Center	16,122.65	14 March 2061
Lu (2025) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0015252	Ancillary Building 2	307.51	14 March 2061
Lu (2025) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0016339	Warehouse 1	599.95	28 June 2059
Lu (2025) Zhang Qiu Qu Bu Dong Chan Quan Di No. 0016340	Warehouse 2	883.87	28 June 2059
Total:		116,448.12	

- Pursuant to a Mortgage Contract — No. 755HT202002076804, a parcel of land, Workshop 1 and Workshop 2 of the property are subject to mortgages in favour of China Merchants Bank Co., Ltd., Shenzhen Branch (招商銀行股份有限公司深圳分行), securing a loan in the principal amount of RMB220,000,000. The loan term commenced on 12 May 2020 and is scheduled to mature on 12 May 2028.
- Pursuant to a Mortgage Contract — 2024 Nian Zhen Zhong Yin She Di Zi Di No. 0006, R&D Center and Workshop A of the property are subject to mortgages in favour of Bank of China Limited, Qianhai Shekou Branch (中國銀行股份有限公司前海蛇口分行), securing a loan in the principal amount of RMB290,000,000. The loan term commenced on 14 September 2021 and is scheduled to mature on 14 September 2029.
- Pursuant to a Mortgage Contract — 2024 Nian Zhen Zhong Yin She Di Zi Di No. 0012, Comprehensive Building and Workshop B of the property are subject to mortgages in favour of Bank of China Limited, Qianhai Shekou Branch, securing a loan in the principal amount of RMB180,000,000. The loan term commenced on 15 October 2024 and is scheduled to mature on 6 September 2026.

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5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Advisor, which contains, *inter alia*, the following:
- a. The Company legally obtained the land use rights of the property;
 - b. The Company has obtained the Real Estate Title Certificates of the property;
 - c. The ownership rights of the property are clear, and there are no major property rights disputes or potential disputes that have not yet been resolved;
 - d. Except for the mortgages mentioned in notes 2 to 4, there are no other mortgages, asset freezes, seizures and other rights restrictions on the property; and
 - e. The Company has the rights to occupy, use, transfer, lease, mortgage, or otherwise dispose of the property in accordance with the law.
6. The property is the Company’s only manufacturing base in operation in the PRC, we are of the view that the property is the material property held by the Group:

Details of the material property

- a. General description of location of the property : Kexing Bio Valley is located at No. 2666 Chuangye Road, Zhangqiu District, Jinan City. It is about 45 minutes’ driving distance to Jinan Yaoqiang International Airport and about 15 minutes’ driving distance to Zhangqiu Railway Station under normal traffic condition. The locality of the property is a well-developed industrial area with various industrial complexes.
- b. Details of encumbrances, liens, pledges, mortgages against the property : See notes 2 to 4
- c. Environmental issue : As advised by the Company, the environmental assessment has been carried out and approved by local environmental authorities.
- d. Details of investigations, notices pending litigation, breaches of law or title defects : See note 5
- e. Future plans for construction, renovation, improvement or development of the property : As advised by the Company, there is no plan for new major development in the next 12 months from the date of this document.

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SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix mainly provides investors with an overview of the Articles of Association. Since the information provided below is only a summary, it does not contain all the information that may be important to investors.

ISSUANCE OF SHARES

The shares of the Company shall take the form of stocks.

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.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price is paid for each of the shares subscribed for by the subscriber.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Based on the operation and development needs of the Company and subject to the laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed, the Company may increase its share capital via the following methods upon resolutions being approved at the shareholders’ general meeting:

- (I) issuing shares to unspecified parties;
- (II) issuing shares to specific parties;
- (III) distribution of bonus shares to existing shareholders;
- (IV) converting reserve funds into share capital;
- (V) other methods required by the laws, administrative regulations and the securities regulatory rules of the place where the Company’s shares are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law, Listing Rules of the Stock Exchange and other relevant requirements and the procedures required by the Articles of Association.

The Company shall not purchase its own shares, save as under one of the following circumstances:

- (I) to reduce the Company’s registered capital;
- (II) to merge with other companies holding the Company’s shares;
- (III) to use the shares for employee shareholding schemes or equity incentives;

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- (IV) to repurchase the shares held by the shareholders who vote against any resolution proposed at any shareholders' general meeting on the merger or division of the Company upon their request;
- (V) to use the shares for conversion of corporate bonds issued by the Company that could be converted into its share certificates;
- (VI) when it is necessary for the Company to maintain its value and safeguard the rights and interests of shareholders.

The Company may repurchase its shares through centralized public trading or other ways as permitted by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and stock exchanges, and shall comply with the provisions of the applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

Where the Company repurchases its shares under the circumstances specified in aforesaid items (III), (V), (VI), it shall be carried out through centralized public trading.

Where the Company repurchases its own shares under any of the circumstances specified in aforesaid items (I) to (II), a resolution of the shareholders' general meeting is required. Where the Company repurchases its own shares under any of the circumstances specified in aforesaid items (III), (V) and (VI), a resolution shall be approved at the Board meeting attending by more than two-thirds of the directors, provided that it complies with the applicable securities regulatory rules of the place where the Company's shares are listed. After the repurchase of the Company's shares, the Company shall fulfill its information disclosure obligations in accordance with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed.

After the Company has repurchased its own shares in accordance with the above requirements, the shares repurchased under the circumstance set out in item (I) above shall be canceled within ten days from the date of repurchase; the shares repurchased under the circumstances set out in item (II) or (IV) above shall be transferred or canceled within six months; for the shares repurchased under the circumstances set out in item (III), (V) or (VI) above, the total number of the Company's shares held by the Company shall not exceed 10% of the total issued shares of the Company, and the shares so repurchased shall be transferred or canceled within three years.

Transfer of Shares

The shares of the Company shall be transferred in accordance with laws. All transfers of the H Shares shall be effected with a written instrument of transfer in a usual or common form or in any form accepted by the Board (including the standard transfer form or transfer form specified by the Stock Exchange from time to time). Such instrument of transfer may only be signed by hand or (where the transferor or transferee is a corporation) affixed with an effective

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corporate seal. If the transferor or transferee is a recognized clearing house (the “Recognized Clearing House”) as defined in the relevant regulations in force from time to time under the Hong Kong laws or its nominee, the instrument of transfer may be signed by hand or by machine imprint. All instruments of transfer shall be maintained at the legal address of the Company or such address designated by the Board from time to time. The transfer of shares of the Company through public means shall be conducted on a legally established stock exchange. Where the shares of the Company are transferred through non-public means, shareholders shall promptly notify the Company after the transfer of the shares through the agreement and register the transfer with the registered depository.

The Company shall not accept its own shares as the subject of pledge.

The shares of the Company issued prior to the public offering of shares shall not be transferred within 1 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, to the Company, information on their holdings of the shares of the Company and the changes thereto. The shares transferred by them during each year of their term of office determined upon taking office shall not exceed 25% of the total number of the shares of the Company held by them. The shares of the Company held by them shall not be transferred within 1 year of the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer their shares in the Company within half a year from the date of their resignation.

Where the laws, administrative regulations or the securities regulatory rules of the place where the Company’s shares are listed provide otherwise in respect of the restrictions on transfer of shares, such rules shall prevail.

Any gains from sale of the Company’s shares or other securities with equity nature by the Company’s directors, senior management or shareholders holding more than 5% of its shares within six months after their purchase of the same, or any gains from the purchase of the shares or other securities with equity nature by any of the aforesaid parties within six months after their sale of the same, shall belong to the Company, and the Board of the Company shall recover such gains from the abovementioned parties, except for the circumstance that a securities company holds more than 5% of the Company’s shares as a result of purchase of all the unsold underwritten shares and other circumstances stipulated by the CSRC and the Stock Exchange.

Shares or other securities with equity nature held by directors, senior management and natural person shareholders as referred to in the preceding paragraph include shares or other securities with equity nature held by their spouses, parents or children, as well as shares or other securities with equity nature held through the account of others.

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If the Board of the Company fails to comply with the provisions as set out above, shareholders are entitled to request the Board to satisfy the same within 30 days. If the Board of the Company fails to satisfy the same within the aforesaid period, shareholders are entitled to file a lawsuit directly with the people’s court in their own name for the benefit of the Company.

If the Board of the Company fails to comply with the provisions as set out above, the responsible director(s) shall assume joint and several liability in accordance with the law.

In addition to the transfer restrictions and requirements as stipulated in the Articles of Association, shareholders or individuals holding the Company’s shares or other securities with equity nature shall also abide by other restrictions or requirements stipulated in the laws and regulations including the Company Law, the Securities Law, the 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》), Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), the Listing Rules of the Stock Exchange, the regulatory rules of the CSRC as well as the securities regulatory rules of the place where the Company’s shares are listed.

SHAREHOLDERS AND SHAREHOLDERS’ GENERAL MEETINGS

General Rules of Shareholders

The Company shall maintain a register of shareholders with the evidence provided by the securities registration institution of the place where the Company’s shares are listed, and the register of members shall be sufficient evidence of the shareholders’ shareholdings in the Company. The original H Share register of members shall be kept in Hong Kong for inspection by shareholders. However, the Company may close the register of members in accordance with applicable laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed. The shareholder shall enjoy rights and assume obligations according to the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Where any shareholder listed in the H Shares register of members or any person requesting to have his/her name entered in the H Shares register of members lost his/her share certificate(s), the said shareholder or person may apply to the Company for the replacement of certificate(s) in respect of such shares. The shareholders of H Shares shall apply for replacement of the share certificate(s) pursuant to the laws, rules of the stock exchange or other relevant regulations of the place where the original H Shares register of members is maintained.

Shareholders of the Company shall be entitled to:

- (I) receiving dividends and benefit distributions in other forms pro rata to the number of shares held by them;

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- (II) requesting, convening, presiding over, attending or appointing proxies to attend shareholders’ general meetings and exercising the corresponding speaking rights and voting rights in accordance with laws;
- (III) supervising, advising on or making inquiries about the operations of the Company;
- (IV) transferring, granting or pledging their shares in accordance with the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association;
- (V) inspecting and copying the Articles of Association, the register of members, minutes of shareholders’ general meetings, resolutions of the Board, financial and accounting reports. Eligible shareholders may inspect the Company’s accounting books and vouchers;
- (VI) participating in the distribution of the remaining properties of the Company pro rata to their shareholdings in the event of the termination or liquidation of the Company;
- (VII) requesting the Company to repurchase the shares from the dissenting shareholders who vote against the Company’s resolution on merger or division proposed at the shareholders’ general meeting;
- (VIII) other rights stipulated 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.

If any resolution of a shareholders’ general meeting or a Board meeting is in violation of the laws and administrative regulations, shareholders shall have the right to petition the people’s court for invalidating the said resolution.

Where the procedures for convening and the method of voting at a shareholders’ general meeting and a Board meeting are in violation of the laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, or the contents of any resolution are in breach of the Articles of Association, shareholders are entitled to petition the people’s court for revocation of such resolution within 60 days from the date of the resolution. However, if the procedures for convening or the method of voting at the shareholders’ general meetings and Board meetings are only slightly flawed and have no substantial impact on the resolution, this will be an exception.

If the Board, shareholders or other relevant parties dispute the validity of a resolution of the shareholders’ general meeting, they shall promptly file a lawsuit with the people’s court. Relevant parties shall implement the resolution of the shareholders’ general meeting until the people’s court issues a judgment or ruling to revoke the resolution. The Company, directors and senior management shall diligently perform their duties to ensure the normal operation of the Company.

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If the people's court makes a judgement or ruling on the relevant matters, the Company shall fulfill its information disclosure obligations in accordance with the laws, administrative regulations, the provisions of the CSRC and the stock exchange, fully explain the impact and actively cooperate with the implementation after the judgement or ruling come into effect. Where correction of prior matters is involved, the Company shall address the same in a timely manner and discharge the corresponding information disclosure obligations.

Where the Company incurs losses as a result of violation of any provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association by directors and senior management other than the members of the audit committee in the course of performing their duties with the Company, shareholders individually or collectively holding more than 1% of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the audit committee to file a lawsuit with the people's court. Where the Company incurs losses as a result of violation of any provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association by the members of the audit committee in the course of performing their duties with the Company, the said shareholders may request in writing to the Board to file a lawsuit with the people's court.

In the event that the audit committee or the Board refuses to file a lawsuit upon receipt of the written request of shareholders specified in the preceding paragraph, or fails to file a lawsuit within 30 days from the date on which such request is received, or in case of emergency where failure to immediately file a lawsuit will cause irreparable damages to the interests of the Company, shareholders specified in the preceding paragraph may, in their own name, directly file a lawsuit with the people's court for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified above may file a lawsuit with the people's court pursuant to the above provisions.

Where the Company incurs losses as a result of violation of any provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association by directors, supervisors or senior management in the course of performing their duties, or the wholly-owned subsidiary incurs losses as a result of infringement upon the legitimate rights and interests of the subsidiary by any other persons, shareholders individually or collectively holding more than 1% of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the supervisory committee or the Board of the wholly-owned subsidiary to file a lawsuit with the people's court, or file a lawsuit with the people's court directly in their own names pursuant to the provisions of the first three paragraphs of Article 189 of the Company Law.

If any director, senior management damages the interests of any shareholder in violation of the relevant laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the provisions of the Articles of Association, the shareholder may file a lawsuit with the people's court.

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The shareholders of the Company shall assume the following obligations:

- (I) to comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (II) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (III) not to return shares unless prescribed otherwise in laws, regulations and the securities regulatory rules of the place where the Company's shares are listed;
- (IV) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person or the limited liability status of the shareholders to jeopardize the interests of the Company's creditors;
- (V) to assume other obligations required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Controlling Shareholders and de facto Controllers

Any controlling shareholder or de facto controller of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations, the requirements of the CSRC and the stock exchange where the shares of the Company are listed and the securities regulatory rules of the place where the Company's shares are listed, and safeguard the interests of the listed company.

The controlling shareholder or de facto controller of the Company shall comply with the following provisions:

- (I) to exercise their rights as shareholders in accordance with the law and not to abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (II) to strictly fulfil the public statements and various undertakings made and not to change or waive such statements and undertakings;
- (III) to fulfil the information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (IV) not to appropriate the Company's funds in any way;

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- (V) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (VI) not to make use of the Company's undisclosed material information to gain benefits, not to divulge undisclosed material information relating to the Company in any way, and not to engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (VII) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, external investment or any other means;
- (VIII) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;
- (IX) other provisions prescribed by the laws, administrative regulations, provisions of the CSRC, business rules of the stock exchanges (including but not limited to Chapter 14 and 14A of the Listing Rules of the Stock Exchange) and the Articles of Association.

Where a controlling shareholder or de facto controller of the Company does not serve as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association regarding the obligations of loyalty and diligence of directors shall apply.

Where a controlling shareholder or de facto controller of the Company instructs a director or senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management.

General Rules for the Shareholders' General Meetings

The shareholders' general meeting of the Company is composed of all shareholders. The shareholders' general meeting shall be the authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (I) to elect and replace the directors who are not employee representatives, and decide on matters relating to the remuneration of the directors;
- (II) to consider and approve reports of the Board;
- (III) to consider and approve the Company's profit distribution and losses recover proposals;

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- (IV) to resolve on the increase or reduction of the Company’s registered capital;
- (V) to resolve on the issuance of corporate bonds;
- (VI) to resolve on merger, division, dissolution, liquidation or change of corporate form of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to resolve on the Company’s appointments and dismissals of accounting firms undertaking the Company’s audit work;
- (IX) to consider and approve the guarantees specified in Article 47 of the Articles of Association;
- (X) to consider and approve the transactions specified in Article 49 of the Articles of Association;
- (XI) to consider and approve the transactions specified in Article 50 of the Articles of Association;
- (XII) to consider and approve the matters relating to changes in the use of proceeds raised;
- (XIII) to consider the equity incentive plan and employee shareholding schemes;
- (XIV) to consider matters concerning the Company’s purchase or sale of major assets over the past year which exceeds 30% of the Company’s latest audited total assets;
- (XV) the annual general meeting of the Company may authorize the Board to approve the issuance of shares with a total financing amount of not more than RMB300 million and not more than 20% of the net assets as at the end of the latest year to specific subscriber(s), and such authorization will expire on the date of the annual general meeting for the next year;
- (XVI) to consider any transactions where all percentage ratios calculated by the Company pursuant to the percentage ratios requirement under Rule 14.07 of the Listing Rules of the Stock Exchange are no less than 25% (including one-off transactions and a series of transactions requiring an aggregated percentage ratio) and connected transactions where the percentage ratios are no less than 5% (including one-off transactions and a series of transactions requiring an aggregated percentage ratio);
- (XVII) to consider other matters on which decisions shall be made by the shareholders’ general meeting 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.

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The shareholders’ general meeting may authorize the Board to resolve on the issuance of corporate bonds.

The above functions and powers of the shareholders’ general meeting shall not be conferred to the Board or other authority and individual through authorization. Where the shareholders’ general meeting authorizes the Board or other institution and individual to exercise other functions and powers on its behalf, it shall comply with the authorization principles stipulated in the laws, regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company’s shares are listed, the Articles of Association, the rules of procedure of the shareholders’ general meeting and other regulations, and the details of the authorization shall be clearly specified.

The following external guarantees made by the Company shall be considered and approved by the shareholders’ general meeting:

- (I) any guarantee to be provided after the total amount of external guarantees provided by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets;
- (II) any guarantee to be provided after the total amount of external guarantees provided by the Company exceeds 30% of the latest audited total assets;
- (III) any guarantee provided by the Company to others within one year exceeds 30% of the Company’s latest audited total assets;
- (IV) any guarantee to be provided for a party whose gear ratio exceeds 70%;
- (V) any single guarantee with an amount exceeds 10% of the latest audited net assets;
- (VI) any guarantee to be provided to the shareholders, de facto controllers and their related parties;
- (VII) other guarantee circumstances stipulated in relevant laws and regulations, the rules of the Shanghai Stock Exchange, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association. When a guarantee mentioned in item (III) above is considered at the shareholders’ general meeting, it shall be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Where the Company provides a guarantee for its wholly-owned subsidiary, or for a holding subsidiary and other shareholders of the holding subsidiary provide a guarantee in the same proportion of their rights and interests, without prejudice to the interests of the Company, application of the provisions of the items (I), (IV) and (V) of the first paragraph of this Article may be exempted. The Company shall summarize and disclose the aforesaid guarantees in its annual report and semi-annual report.

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Where a resolution on guarantee provided for its shareholders, de facto controllers and their related parties is considered at the shareholders’ general meeting, such shareholders or shareholders under the control of such de facto controllers shall abstain from voting on such resolution, and the resolution shall be subject to the approval by more than half of the voting rights held by other shareholders present at the shareholders’ general meeting. Among which, where a resolution on guarantee provided for its shareholders, de facto controllers and their related parties involved in the guarantee in item (III) of the first paragraph of this Article is considered at the shareholders’ general meeting, such resolution shall be subject to the approval by more than two-thirds of the voting rights held by other shareholders present at the shareholders’ general meeting.

Where the Company provides guarantee for a related party, in addition to being considered and approved by more than half of all non-related directors, it shall also be considered and approved by more than two-thirds of the non-related directors present at the Board meeting, and a resolution shall be made and submitted to the shareholders’ general meeting for consideration.

Where the Company provides guarantee for a controlling shareholder, de facto controller and their related parties, a counter-guarantee shall be provided by the controlling shareholder, de facto controller and their related parties.

Any transaction of the Company (except for the provision of guarantee and financial assistance) that meets any of the following criteria shall be submitted to the shareholders’ general meeting for consideration:

- (I) the total amount of assets involved in the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for more than 50% of the latest audited total assets of the Company;
- (II) the transaction amount accounts for more than 50% of the Company’s market value;
- (III) the net assets of the transaction subject (such as equity) in the latest accounting year accounts for more than 50% of the Company’s market value;
- (IV) the operating income of the transaction subject (such as equity) in the latest accounting year accounts for more than 50% of the audited operating income of the Company in the latest accounting year, and exceeds RMB50 million;
- (V) the profits generated from the transaction account for more than 50% of the audited net profit of the Company in the latest accounting year, and exceed RMB5 million;
- (VI) the net profit of transaction subject (such as equity) in the latest accounting year accounts for more than 50% of the audited net profit of the Company in the latest accounting year, and exceeds RMB5 million.

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Any transaction with a related party in which the amount of the transaction (except for the provision of guarantees) accounts for more than 1% of the Company’s latest total audited assets or market value and exceeds RMB30 million shall be provided with an appraisal report or an audit report and submitted to the shareholders’ general meeting for consideration. Connected transactions related to daily operations may be exempt from audit or assessment.

Where the Company and a related party jointly contribute to the establishment of a company, and the amount contributed by the Company meets the criteria set out in the first paragraph of this Article, the requirement to submit to a shareholders’ general meeting for consideration may be waived if all the contributors contribute in cash in full and the shareholding of each party in the company established is determined in proportion to the amount contributed.

Shareholders’ general meetings shall be categorized as annual general meetings and extraordinary general meetings. Annual general meeting shall be convened once a year and shall be held within 6 months from the end of the preceding financial year. Extraordinary general meeting shall be convened from time to time.

The Company shall convene an extraordinary general meeting within two months upon the occurrence of any of the following circumstances:

- (I) where the number of directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;
- (II) when the Company’s unrecovered losses amount to one-third of the total share capital;
- (III) when the shareholders with 10% or more shares of the Company separately or collectively request;
- (IV) when the Board deems it necessary;
- (V) when the audit committee proposes such a meeting be convened;
- (VI) other circumstances stipulated 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.

If the extraordinary general meeting is convened in accordance with the requirements of the securities regulatory rules of the place where the Company’s shares are listed, the actual date of the extraordinary general meeting may be adjusted according to the approval progress of the stock exchange at the place where the Company’s shares are listed.

The place for convening a shareholders’ general meeting of the Company shall be the domicile of the Company or other places specified in the notice of the shareholders’ general meeting.

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Convening of Shareholders' General Meetings

Unless otherwise stipulated in the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, departmental rules or the Articles of Association, the shareholders' general meeting shall be convened by the Board in accordance with the law.

The Board shall convene the shareholders' general meeting on time within the specified period. Independent directors are entitled to propose to the Board to convene an extraordinary general meeting, subject to the approval of more than half of all independent directors. Concerning the independent directors' proposal to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon receipt of such request. In the event that the Board agrees to convene an extraordinary general meeting, a notice of convening the general meeting shall be issued within 5 days after the Board approves the resolution. In the event that the Board disagrees to convene an extraordinary general meeting, it shall state the reasons and make a public announcement.

Where the audit committee proposes to the Board to convene an extraordinary general meeting, it shall submit a proposal to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon receipt of such request. In the event that the Board agrees to convene an extraordinary general meeting, a notice of convening the general meeting shall be issued within 5 days after the Board approves the resolution. Any changes to the original proposal made in the notice shall be agreed by the audit committee. In the event that the Board disagrees to convene an extraordinary general meeting or fails to furnish any reply within 10 days upon receipt of such request, it shall be deemed as the failure of the Board to fulfill or unable to fulfill its duties to convene the general meeting, and the audit committee shall be entitled to convene and preside over a general meeting on their own accord.

Shareholders individually or collectively holding more than 10% of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and such request shall be made in writing. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon receipt of such request. In the event that the Board agrees to convene an extraordinary general meeting, a notice of convening the general meeting shall be issued within 5 days after the Board approves the resolution. Any changes to the original request made in the notice shall be agreed by the relevant shareholders. In the event that the Board disagrees to convene an extraordinary general meeting or fails to furnish any reply within 10 days upon receipt of such

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request, shareholders individually or collectively holding more than 10% of the shares of the Company shall be entitled to propose to the audit committee to convene an extraordinary general meeting, and such request shall be made in writing. In the event that the audit committee agrees to convene an extraordinary general meeting, a notice of convening the general meeting shall be issued within 5 days upon receipt of such request. Any changes to the original request made in the notice shall be agreed by the relevant shareholders. Failure of the audit of committee to issue the notice of general meeting within the prescribed time limit shall be deemed as failure of the audit of committee to convene and preside over a general meeting, and shareholders individually or collectively holding more than 10% of the Company's shares for more than 90 consecutive days are entitled to convene and preside over a general meeting on their own accord. Where the laws, regulations, rules, the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such rules shall prevail.

Where the audit committee or shareholders decide(s) to convene a shareholders' general meeting on their own accord, the Board shall be notified in writing, and records shall be filed with the stock exchange. Prior to announcement on the resolutions approved at the shareholders' general meeting, the shareholding of the shareholders convening such meeting shall not be less than 10%. The audit committee or shareholders convening such meeting shall submit the relevant materials as proof to the stock exchanges at the time of issuance of notice of the shareholders' general meeting and announcement on the resolutions approved at the meeting.

Proposals and Notices of Shareholders' General Meetings

The content of the proposal shall fall within the scope of power of the shareholders' general meeting, with explicit subjects and specific matters to be considered and resolved, and shall comply with the relevant requirements of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

When the Company convenes a shareholders' general meeting, the Board, the audit committee and shareholders individually or collectively holding more than 1% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholders individually or collectively holding more than 1% of the shares of the Company may put forward temporary proposals and submit them to the convener in writing 10 days before the shareholders' general meeting. The convener shall issue a supplementary notice of the shareholders' general meeting announcing the contents of the temporary proposal within 2 days after receiving the proposal, and submit the temporary proposals to the shareholders' general meeting for consideration, except for the temporary proposals that violate the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the provisions of the Articles of Association, or are not fall within the scope of power of the shareholders' general meeting.

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Save as provided in the preceding paragraph, the convener shall not modify the proposals specified in the notice of shareholders' general meeting or add new proposals after the issue of the notice of shareholders' general meeting.

In respect of proposals not specified in the notice of the shareholders' general meeting or not complying with the requirements under Article 62 of the Articles of Association, no voting and resolution shall be made at the shareholders' general meeting.

The convener shall inform each shareholder of the forthcoming annual general meeting by way of announcement 21 days prior to the meeting, and shall inform each shareholder of the forthcoming extraordinary general meeting by way of announcement 15 days prior to the meeting.

The date of the meeting shall be excluded in the calculation of the commencement period.

The notice of shareholders' general meeting shall include the following:

- (I) time, venue and duration of the meeting;
- (II) the matters and proposals submitted to the meeting for consideration;
- (III) the notice shall state clearly that all ordinary shareholders, holders of shares with special voting rights and other shareholders are entitled to attend the shareholders' general meeting and appoint proxies in writing to attend and vote at such meeting on their behalf, and that such proxies need not to be shareholders of the Company;
- (IV) shareholding registration date for shareholders entitled to attend the shareholders' general meeting;
- (V) the names and contact information of the contact person in relation to the meeting;
- (VI) the time and procedures for online voting or voting by other means.

Holding of Shareholders' General Meetings

All ordinary shareholders who are registered as at the shareholding registration date in accordance with the securities regulatory rules of the place where the Company's shares are listed, or their proxies, shall be entitled to attend the shareholders' general meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association (unless individual shareholders are required to waive their voting rights on certain matters under the securities regulatory rules of the place where the Company's shares are listed).

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Shareholders may attend the shareholders’ general meeting in person or appoint a proxy (who does not need to be a shareholder of the Company) to attend and exercise voting rights within the authorized scope on their behalf.

Individual shareholders attending meetings in person shall produce their valid identity cards or other valid documents or proof to prove their identity. In the case of attending by proxies, the proxies shall produce valid identity documents and the power of attorney of the shareholder.

Where a shareholder is a legal entity, its legal representative or a proxy entrusted by such legal representative shall attend the meeting. If the meeting is attended by the legal representatives, they shall produce their valid identity cards and valid proof of their status as legal representatives; if the meeting is attended by proxies, such proxies shall produce their valid identity documents and the written power of attorney legally issued by the legal representative of the legal entity shareholder (with the corporate seal) (except for shareholders who are Recognized Clearing Houses as defined by the relevant regulations in force from time to time under the Hong Kong laws or the securities regulatory rules of the place where the Company’s shares are listed).

If the shareholder is a Recognized Clearing House (or its proxy) as defined by the relevant regulations in force from time to time under the Hong Kong laws, such shareholder may authorize one or more persons he/she deems fit to act on his/her behalf at any shareholders’ general meeting or any class general meetings. However, where more than one persons is so authorized, the power of attorney shall clearly state the numbers and classes of shares involved for each authorized persons. The power of attorney shall be signed by the person authorized by the Recognized Clearing House. The persons so authorized may attend the meetings (without being required to present share certificates, notarized authorization and/or further evidence of to prove they are duly authorized) and exercise rights on behalf of the Recognized Clearing House (or proxy thereof), as if that proxy is an individual shareholder of the Company.

Shareholders of a partnership enterprise shall be represented at the meeting by the managing partner, the delegate appointed by the managing partner, or a proxy entrusted by the delegate appointed by the managing partner. The managing partner or the delegate appointed by the managing partner attending the meeting shall present their personal identity cards and valid documents that can prove their identity as the managing partner or the delegate appointed by the managing partner. Proxies authorized to attend the meeting shall present their personal identity cards and the written power of attorney (with the partnership enterprise seal) legally issued by the managing partner of the partnership enterprise or the delegate appointed by the managing partner.

Any shareholder entitled to attend and vote at a shareholders’ general meeting shall have the right to appoint one or more persons (who may not be a shareholder) as his/her proxy to attend and vote on his/her behalf. Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting.

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If the appointer is a legal entity, its legal representative or such person authorized by resolution of its Board and other decision-making body shall attend the shareholders' general meeting of the Company as a representative.

The power of attorney issued by a shareholder for appointing another person to attend a shareholders' general meeting on his/her behalf shall include:

- (I) name or title of the appointer, and the class and number of shares held in the Company;
- (II) name or title of the proxy;
- (III) specific instructions given by the shareholder, including instructions on affirmative, negative or abstention voting on each issue listed in the meeting agenda;
- (IV) the issuing date and the valid period of the power of attorney;
- (V) signature (or seal) of the appointer. If the appointer is a corporate shareholder or a shareholder of a partnership enterprise, the seal of the corporate entity or partnership enterprise shall be affixed or the legal authorized person shall sign.

The power of attorney shall specify whether the proxy may vote as he/she thinks fit in the absence of concrete instructions from the shareholder. If no such instruction is given, it is deemed that the proxy of the shareholder may vote as he/she thinks fit.

If the power of attorney for appointing a voting proxy is signed by another person authorized by the appointing shareholder, the authorization letter or other authorization document shall be notarized. The notarized authorization letter or other authorization document, together with the power of attorney, shall be kept at the domicile of the Company or at such other place as specified in the notice of the meeting.

The chairman shall preside over the shareholders' general meeting. If the chairman is unable to perform his or her duties or fails to perform his or her duties, the vice chairman (and in case of two or more vice chairmen in the Company, the vice chairman elected by more than half of Directors shall preside over the meeting) shall preside over the meeting. If the vice chairman is unable to perform his or her duties or fails to perform his or her duties, more than half of Directors shall jointly elect one Director to preside over the meeting. If there is no vice chairman and the chairman is unable to perform his or her duties or fails to perform his or her duties, more than half of Directors shall jointly elect one Director to perform the duties.

A shareholders' general meeting convened by the Audit Committee on its own initiative shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform such duty, a member of the Audit Committee elected by more than half the Audit Committee members present at the meeting shall preside.

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If a shareholders’ general meeting is convened by the shareholders themselves, the convener or his/her representative shall preside over the meeting.

If the host of the shareholders’ general meeting breaches the procedural rules, which makes it unable to proceed with the shareholders’ general meeting, subject to consent of more than half of shareholders with voting rights attending the shareholders’ general meeting, the shareholders’ general meeting may elect a person to act as the host of the meeting to proceed with the meeting.

The shareholders’ general meeting shall allow reasonable time for the discussion of each proposal.

Voting at the Shareholders’ General Meeting

Resolutions of the shareholders’ general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by an ordinary resolution at a shareholders’ general meeting:

- (I) work reports of the board of directors;
- (II) profit distribution plans and plans to cover losses to be formulated by the board of directors;
- (III) appointment and removal of members of the board of directors, their remuneration and manner of payment;
- (IV) other matters other than those which are required by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association to be adopted by special resolutions.

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The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (I) any increase or decrease in the registered capital of the Company;
- (II) division, spin-off, merger, dissolution, liquidation and conversion of corporate form of the Company;
- (III) amendment of the Articles of Association;
- (IV) the Company's purchase or sale of any material assets or the amount of guarantee, within one year, which exceeds 30% of the latest audited period of total assets of the Company;
- (V) equity incentive plans;
- (VI) other matters required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, as well as other matters which the shareholders' general meeting determines by an ordinary resolution will have a material impact on the Company and therefore require adoption by a special resolution.

If at any time the shares of the Company are divided into shares of different classes, any intended modification or abolition of the rights of any class of shareholders by the Company shall be passed by a special resolution adopted by the affected class of shareholders at the shareholders' general meeting convened separately.

Shareholders (including proxies) shall have the right to speak at shareholders' general meetings and exercise their voting rights by the number of shares held by them which carry the right to vote. Each share shall have one vote, unless shareholders of class shares or certain shareholders are required to abstain from voting on specific matters according to the securities regulatory rules of the place where the Company's shares are listed. On a poll taken at a meeting, a shareholder (including proxies) entitled to two or above votes need not cast all his/her votes for, against or abstention in the same way.

The votes by the small and medium investors shall be counted separately with respect to the significant events that may affect the interests of the small and medium investors to be considered at the shareholders' general meeting. The separate vote counting result shall be timely and publicly disclosed.

The shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by shareholders attending the meeting.

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In accordance with the applicable laws, regulations the Listing Rules of the Stock Exchange, if any shareholder is required to abstain from voting on a resolution matter, or any shareholder is restricted to voting only for or only against it, the number of votes cast by or on behalf of such shareholder in violation of the relevant provisions or restrictions shall not be included in the total number of voting shares.

The voting shares of the Company purchased by the shareholders in the violation of first and second paragraphs of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after purchasing the relevant shares, and shall not be included in the total number of voting shares present at a shareholders' general meeting.

The board of directors of the Company, independent directors, shareholders holding more than one percent of the shares with voting rights or investor protection institutions established according to laws, administrative regulations or provisions of the of the securities regulatory authorities of the place where the Company's shares are listed, publicly solicit voting rights from the shareholders. Such information as the specific vote intention shall be sufficiently disclosed to the solicited persons in respect of solicitation of the shareholders' right to vote. It is not permitted to solicit the shareholders' right to vote in a chargeable or disguised chargeable manner. Except for statutory conditions, the Company shall not require the minimum shareholding limitation on the solicitation of the right to vote.

When any shareholders' general meeting considers matters in connection with the related transactions, the related shareholder shall not participate in the vote and the number of voting shares that it represents shall not be counted towards the total number of valid votes. The announcement of the resolution of the shareholders' general meeting shall fully disclose the votes of the non-related shareholders.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions for Directors

Directors of the Company shall be natural persons and shall have the qualification required by the laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the shares of the Company are listed. The following person shall not serve as a director of the Company:

- (I) a person who has no civil capacity or has limited civil capacity;
- (II) a person who has been sentenced to criminal penalties for offenses such as corruption, bribery, embezzlement, misappropriation of property, or undermining the socialist market economic order; or who has been deprived of political rights due to criminal conviction, with less than five years having elapsed since the completion of his/her sentence; or who has been granted probation, with less than two years having elapsed since the expiration of the probation period;

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- (III) a person who was a director, factory chief or manager of a company or enterprise which became insolvent and was liquidated, and were personally liable for the insolvency of such company or enterprise, with less than three years having elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (IV) a person who was the legal representative of a company or enterprise whose the business license was revoked and which was ordered to close due to violation of the law, and who was personally liable for the revocation, with less than three years having elapsed since the date of the revocation of the business license thereof or the date such company or enterprise was ordered to close;
- (V) a person who has been listed as a dishonest debtor by the people’s court due to a large amount of debt that has not been repaid upon maturity;
- (VI) a person who has been subject to administrative punishment by the CSRC in the last three years, or has been filed for investigation by the judicial authority due to suspected crimes or has been filed for investigation by the CSRC due to suspected violations of laws and regulations, and has not yet reached a clear conclusion;
- (VII) a person who has been publicly censured or criticized for more than three times by the stock exchanges over the past 3 years;
- (VIII) a person who has been banned from entering the securities market by the CSRC or other regulatory authorities and whose term has not expired;
- (IX) a person who has been publicly deemed by a stock exchange where the shares of the Company are listed or other regulatory authorities as unsuitable to serve as a director and senior management of a listed company and the term of prohibition has not expired;
- (X) other circumstances specified by the laws, administrative regulations, departmental rules, or securities regulatory rules of the place where the Company’s shares are listed.

The aforesaid period shall start from the date of convening the shareholders’ general meeting or Board meeting to elect the director.

A candidate for director shall report to the Board as soon as possible when him/her becomes (or ought reasonably to have become) aware of that him/her has been elected as candidate. Where a candidate for director under any of the circumstances listed in the first paragraph of this Article, the Company shall not submit him/her as candidate for director to the shareholders’ general meeting for voting.

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The election, appointment or engagement of any director in violation of the provisions of this Article shall be invalid and void. Any director who becomes disqualified during his/her term of office pursuant to this Article shall be removed from office by the Company and suspend his/her duties.

Non-employee representative directors shall be elected or replaced at the shareholders' general meeting and may be removed before the expiry of the term at the shareholders' general meeting. The term of office of directors shall be three years, and the directors shall be eligible for re-election upon expiration of their term of office in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed. Subject to the securities regulatory rules of the place where the Company's shares are listed, any director appointed by the Board of Directors to fill a casual vacancy or as an addition to the Board of Directors shall hold office only until the first annual general meeting of the issuer following his/her appointment, and shall then be eligible for re-election. Subject to the compliance with the relevant laws, regulations and securities regulatory rules of the place where the Company's shares are listed, the shareholders shall have power by ordinary resolution to remove any director (including a managing director or any other executive director) at the shareholders' general meeting before the expiration of his/her term of office.

The term of office for directors begins on the date of their appointment and ends when the current Board of Directors' term expires. If the term of office for directors expires and a timely re-election has not taken place, the outgoing directors shall continue to perform their duties in accordance with the requirements of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until the newly elected directors take office.

Directors may concurrently hold positions as senior managers; however, the total number of directors who concurrently hold positions as senior managers and directors who are representatives of employees shall not exceed one-half of the total number of directors of the Company.

Directors shall, in principle, attend the Board meetings in person, act in a reasonably prudent and diligent manner, and give clear advice on matters under discussion. If a director fails to attend the Board meetings in person or fails to appoint any other director to attend on his/her behalf as his/her proxy for two consecutive times, he/she shall be deemed to be unable to perform his/her duties, and the Board of Directors shall propose to the shareholders' general meeting to remove such director. Subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, a director shall be deemed to have attended a board meeting in person if he/she attends the meeting by means of internet, video, telephone or other means with equivalent effect.

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A director may tender his/her resignation before the expiration of his/her term of office. A director who resigns shall submit a written resignation report to the Company. The resignation shall become effective on the date when the Company receives the resignation report. The Company shall disclose the relevant circumstances within 2 trading days, or the timeframe required by the securities regulatory rules of the place where the Company's shares are listed.

If the members of the Board of Directors of the Company falls below the minimum quorum due to the resignation of a director, the outgoing directors shall continue to perform their duties in accordance with the requirements of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until the newly elected directors take office.

Should the resignation of an independent director result in the proportion of independent directors in the Board of Directors or its special committees failing to meet the requirements of laws and regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, or if there is a lack of accounting professionals amongst the independent directors, the independent director proposing to resign shall continue to perform his/her duties until the date when a new independent director is appointed. The election to fill the vacancy shall be completed by the Company within sixty days from the date of resignation of such independent director.

Board of Directors

The Company shall have a board of directors, consisting of 8 directors that include three independent directors and one employee representative. It shall have one chairman and may have vice chairmen. The chairman and vice chairmen shall be elected by a board meeting with a majority votes of all directors. The employee representative directors are elected by employees of the Company through an employee representatives' meeting, employee meeting or otherwise democratically, without submission to the shareholders' general meeting for deliberation.

The Board of Directors shall exercise the following powers and duties:

- (I) to convene shareholders' general meetings and report on their work to the shareholders' general meeting;
- (II) to implement the resolutions of the shareholders' general meetings;
- (III) to decide on the Company's business plans and investment plans;
- (IV) to formulate the Company's profit distribution plan and loss recovery plan;
- (V) to formulate proposals for the increase or reduction of the Company's registered capital, issuance of bonds or other securities, and listing plans;

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- (VI) to formulate plans for major acquisitions, purchase of our Company’s shares, or merger, division, dissolution and change of form of our Company;
- (VII) within the scope authorized by the shareholders’ general meeting, to decide on the Company’s external investment, acquisition and sale of assets, asset pledge, external guarantee matters, entrusted wealth management, related party transactions, and external donations, etc.;
- (VIII) to decide on the establishment of the Company’s internal management structure;
- (IX) to decide on the appointment or dismissal of the Company’s general manager, secretary to the Board of Directors, and other senior management personnel; to decide on the appointment or dismissal of the Company’s deputy general manager, chief financial officer, and other senior management personnel based on the general manager’s nomination, and to determine their remuneration and rewards and penalties;
- (X) to formulate the Company’s basic management system;
- (XI) to formulate proposals for any amendment to the Articles of Association;
- (XII) to manage the information disclosure matters of the Company;
- (XIII) to propose to the shareholders’ general meeting the appointment or change of the accounting firm acting as the auditors of the Company;
- (XIV) to listen to the work report of the Company’s general manager and inspect the general manager’s work;
- (XV) to formulate proposals for the equity incentive scheme of the Company;
- (XVI) to decide on the establishment of special committees under the Board of Directors;
- (XVII) to exercise other functions and powers conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed, the Articles of Association or the resolutions of the shareholders’ general meetings of the Company.

The Board shall provide explanation for non-standard audit opinions on the financial reports of the Company given by certified public accountants at the shareholders’ general meeting.

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The Board of Directors shall formulate the rules of procedure for the Board meetings to ensure that the Board of Directors can implement the resolutions of the shareholders’ general meeting, improve work efficiency and ensure scientific decision-making. The rules of procedure of the Board meetings shall be formulated by the Board of Directors as annexed to the Articles of Association and approved by the shareholders’ general meeting.

The Board of Directors shall determine the scope of authority of external investments, acquisition and sales of assets, asset mortgages, external guarantees, entrusted wealth management, related party transactions and external donations, and establish strict review and decision-making procedures; arrange relevant experts and professionals to review major investment projects and submit them to the shareholders’ general meeting for approval.

Except for matters required to be considered and approved by the shareholders’ general meeting under the Articles of Association, the securities regulatory rules of the place where the Company’s shares are listed, and other internal regulations of the Company, transactions (other than the provision of guarantees and financial assistance) of the Company shall be submitted to the Board of Directors for consideration if they meet one of the following criteria:

- (I) the total assets in respect of the transaction (the higher will prevail in case both book value and assessed value are available) account for more than 10% of the Company’s latest audited total assets;
- (II) the trading amount of the transaction accounts for more than 10% of the Company’s market value;
- (III) the net assets related to the subject matter of the transaction (such as equity) in the latest accounting year account for more than 10% of the Company’s market value;
- (IV) the operation revenue of the subject matter of the transaction (such as equity) in the latest accounting year accounts for more than 10% of the audited operation revenue of the Company in the latest accounting year, and exceeds RMB10 million;
- (V) the profit generated from the transaction accounts for more than 10% of the audited net profit in the latest accounting year of the Company, and exceeds RMB1 million;
- (VI) the net profit related to the subject matter of the transaction (such as equity) in the latest accounting year accounts for more than 10% of the audited net profit in the latest accounting year of the Company, and exceeds RMB1 million.
- (VII) the Board of Directors shall have the authority to deliberate on the following financing matters: any single or aggregate amount in an accounting year accounts for more than 10% but less than 50% of the total audited assets in the latest accounting year of the Company.

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Where any data referenced in the foregoing indicators is negative, the absolute value shall be taken for calculation purposes.

The calculation standards for the foregoing indicators shall be implemented in accordance with the relevant requirements of the STAR Market Listing Rules. Except for matters otherwise prescribed by the laws and regulations and the rules of Shanghai Stock Exchange regarding the provision of guarantees, financial assistance and the entrusted wealth management, transactions of the same category and related to the subject matter shall be subject to the foregoing provisions based on the principle of cumulative calculation for 12 consecutive months. Transactions for which relevant obligations have already been fulfilled under this provision shall not be included in the relevant cumulative calculation.

Where a transaction of the Company is subject to the principle of cumulative calculation for 12 consecutive months as stipulated in the foregoing provision, and the disclosure standards stipulated by the STAR Market Listing Rules are met, the transaction may simply be disclosed in accordance with the relevant requirements of Shanghai Stock Exchange, and an announcement shall be published to explain the transaction that failed to meet the disclosure standards cumulatively in the previous period.

Where transactions (other than the provision of guarantees) of the Company with its related parties meet one of the following criteria, they shall be subject to the rules of procedures of the Board meetings upon approval by a majority of all independent directors and disclosed in a timely manner:

- (I) a transaction with related natural persons with a trading amount of more than RMB0.3 million;
- (II) a transaction with related legal persons with a trading amount accounting for more than 0.1% of the Company’s latest audited total assets or market value and exceeding RMB3 million.

The shareholders’ general meeting shall have the authority to decide matters in respect of external guarantees as stipulated in Article 47 of the Articles of Association. All other matters in respect of external guarantees beyond the approval authority of the shareholders’ general meeting shall be subject to the decisions of the Board of Directors.

The chairman shall exercise the following functions and powers:

- (I) to preside over the shareholders’ general meeting and convene and preside over the Board meetings;
- (II) to procure and check the implementation of the resolutions of the Board meetings;
- (III) to sign the securities certificates, corporate bonds, and other equity securities issued by the Company;

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- (IV) to decide on matters related to the Company's transactions (other than the provision of guarantees, receipt of cash assets as gift, and exempting the indebtedness of the Company only) failing to meet any of criteria within the consideration of the Board of Directors;
- (V) in the event of any emergent situation due to force majeure such as catastrophic natural disasters, to exercise special powers of disposal in relation to the Company's affairs in compliance with legal requirements and in the interests of the Company, and subsequently report such activities to the Company's Board meetings and the shareholders' general meeting;
- (VI) to exercise other functions and powers conferred by laws, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the Board.

The Company's vice chairman shall assist the chairman in performing his/her duties. Where the chairman is unable or fails to perform his/her duties, the vice chairman may perform such duties on behalf of the chairman (if there are two or more vice chairmen, the one elected by a majority of the directors shall perform such duties). When the vice chairman is unable or fails to perform his/her duties, a director shall be elected by a majority of the directors to perform such duties. Where the Company does not have a vice chairman, and the chairman is unable or fails to perform his/her duties, a director shall be elected by a majority of the directors to perform such duties.

Board meetings shall be held at least four times every year and convened by the chairman via giving a written notice to all directors 14 days in advance of such meeting.

Under any of the following circumstances, the chairman shall convene and preside over a board meeting within 10 days after receiving the proposal of convening the meeting:

- (I) when proposed by shareholders representing over 10% of the voting rights;
- (II) when jointly proposed by more than 1/3 of the directors;
- (III) when proposed by the audit committee;
- (IV) when proposed by the general manager;
- (V) when proposed by more than half of the independent directors;
- (VI) when deemed necessary by the chairman;
- (VII) when requested by a securities regulatory authority;
- (VIII) when in any other circumstance specified in the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

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The notice of convening an extraordinary Board meeting shall be delivered by hand, by fax, by post, email or telephone or other means. Such notice shall be served to all directors and other attendees three days in advance of such meeting.

Under an urgent circumstance that a Board meeting is required, the notice thereof may be given without respect to the aforementioned restrictions regarding the time and methods. However, prior unanimous consent or confirmation from all directors must be obtained before the meeting convenes. The convener shall make a corresponding explanation at the meeting and record it in the minutes of the Board meeting.

Independent Directors

Independent directors shall remain independent. The following individuals may not serve as independent directors:

- (I) persons holding office in the Company or its affiliates and their spouses, parents, children or major social relatives;
- (II) natural person shareholders directly or indirectly holding more than 1% of issued shares of the Company or among top 10 shareholders of the Company and their spouses, parents and children;
- (III) persons holding office in any shareholder directly or indirectly holding more than 5% of issued shares of the Company or in the top five shareholders of the Company and their spouses, parents and children;
- (IV) persons holding office in any affiliate of the controlling shareholders or de facto controllers of the Company and their spouses, parents and children;
- (V) persons who have material business dealings with the Company or its controlling shareholders or de facto controllers or their respective affiliates, or who hold office in any entity having material business dealings or its controlling shareholders or de facto controllers;
- (VI) persons providing financial, legal, consulting, sponsoring or other services to the Company, its controlling shareholders, de facto controllers or their respective affiliates, including but not limited to all members of the project team of an intermediary providing services, reviewers at all levels, persons signing reports, partners, directors, senior management and principals;
- (VII) persons who have been in the situations listed in the items (I) to (VI) hereof within the last 12 months;
- (VIII) other persons who are not independent as stipulated by the laws, administrative regulations, requirements of the CSRC, rules of the stock exchange(s) or the Articles of Association.

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The affiliates of controlling shareholders or de facto controllers of the Company as referred to items (IV) to (VI) above do not include enterprises controlled by the same state-owned asset administration authority as the Company and not constituting related parties of the Company under relevant provisions.

Independent directors shall conduct self-assessment of their independence each year and submit the results thereof to the Board of Directors. The Board of Directors shall annually evaluate the independence of incumbent independent directors, issue specific opinions thereon and disclose simultaneously with the annual report.

A person to serve as an independent director of the Company shall meet the following conditions:

- (I) being qualified to serve as director of a listed company according to the laws, administrative regulations and other relevant requirements;
- (II) meeting the independence requirements stipulated by the Articles of Association;
- (III) having basic knowledge of the operation of listed companies and being familiar with relevant laws, regulations and rules;
- (IV) having more than five years of legal, accounting or economic work experience necessary to perform the duties of an independent director;
- (V) having good personal morality, with no bad records such as major dishonesty;
- (VI) other conditions stipulated by the laws, administrative regulations, requirements of the CSRC, rules of the stock exchange(s) and the Articles of Association.

Independent directors shall exercise the following special functions and powers:

- (I) independently engage intermediaries to audit, provide consultation on or verify specific matters of the Company;
- (II) propose the convening of extraordinary general meetings to the Board of Directors;
- (III) propose the convening of Board meetings;
- (IV) openly solicit shareholders’ rights from shareholders in accordance with the laws;
- (V) express independent opinions on matters potentially detrimental to interests of the Company or its minority shareholders;
- (VI) other functions and powers as provided by the laws, administrative regulations, requirements of the CSRC and the Articles of Association.

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Any exercise of the functions and powers as referred to in items (I) to (III) in the preceding paragraph by the independent directors shall be approved by more than half of all independent directors.

The Company shall disclose in a timely manner any exercise of the functions and powers set out in item (I) by the independent directors. If any of the aforesaid functions and powers could not be exercised properly, the Company shall disclose the specific circumstances and reasons thereof.

The following matters shall be approved by more than half of all the independent directors of the Company before submitting them to the Board of Directors for consideration:

- (I) discloseable related transactions;
- (II) proposed changes or waivers of undertakings by the Company and the relevant parties;
- (III) decisions made and measures taken by the board of directors of an acquired listed company in relation to an acquisition;
- (IV) other matters as provided by the laws, administrative regulations, requirements of the CSRC, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

The Company shall establish a mechanism for special meetings which will be attended by independent directors only. Matters such as related party transactions to be considered by the Board of Directors shall be approved in advance by a special meeting of the independent directors.

The Company shall convene special meetings of the independent directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of paragraph 1 of Article 138 and in Article 139 of the Articles of Association shall be considered by a special meeting of the independent directors. The special meetings of the independent directors may consider and discuss other matters of the Company when necessary.

The special meetings of the independent directors shall be convened and chaired by one independent director elected by more than half of the independent directors; in the event that the convener fails or is unable to perform his/her duties, two and more independent directors may convene a meeting on their own and elect one representative to preside over the meeting. Minutes of special meetings of independent directors should be prepared in accordance with the regulations, and the views of independent directors should be set out in the minutes. The independent directors should sign to confirm the minutes of the meeting. The Company shall facilitate and support the convention of the special meetings of the independent directors.

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Special Committees under the Board of Directors

The board of directors of the Company shall establish an audit committee to perform the functions and powers of the supervisory committee as stipulated in the Company Law.

The audit committee shall consist of at least three non-executive directors who do not hold senior management positions in the Company, of which a majority shall be independent directors, with accounting professionals among the independent directors serving as conveners.

The audit committee is responsible for reviewing the Company’s financial information and its disclosure, monitoring and evaluating internal and external audit work and internal controls and the following matters shall be submitted to the board of directors for consideration with the approval of a majority of the members of the audit committee:

- (I) disclosure of financial information in financial accounting reports and regular reports, and the internal control evaluation reports;
- (II) engagement or dismissal of the accounting firm that undertakes the auditing of the listed company;
- (III) appointment or dismissal of the chief financial officer of the listed company;
- (IV) changes in accounting policies, accounting estimates, or correction of significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters stipulated by laws, administrative regulations, requirements of the CSRC and the Articles of Association.

The audit committee shall convene a meeting at least once a quarter, and may convene extraordinary meetings upon the proposal of two or more members, or when the convener deems necessary. Meetings of the audit committee shall be held with the attendance of at least two-thirds of the members.

The resolutions made by the audit committee shall be passed by more than half of the members of the audit committee.

For voting on a resolution of the audit committee, each member shall have one vote.

Minutes shall be prepared for the resolutions of the audit committee as required and shall be signed by the members of the audit committee present at the meetings.

The board of directors shall be responsible for formulating work procedures for the audit committee.

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The board of directors of the Company has established the strategy committee, the nomination committee, the remuneration and appraisal committee and other special committees to perform their duties in accordance with the Articles of Association and the authorization of the board of directors, and the proposals of the special committees shall be submitted to the board of directors for review and decision. The board of directors is responsible for formulating work procedures for special committees. More than half of the members of the nomination committee and the remuneration and appraisal committee shall be independent directors and the same shall serve as conveners.

The nomination committee is responsible for formulating the criteria and procedures for selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the board of directors on the following matters:

- (I) nomination or appointment and removal of directors;
- (II) appointment or dismissal of senior management;
- (III) other matters stipulated by laws, administrative regulations, requirements of the CSRC and the Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the nomination committee, it shall record the opinion of the nomination committee and the specific reasons for its non-adoption in a resolution of the board of directors and disclose the same.

The remuneration and appraisal committee is responsible for the formulation of standards for appraising and conducting evaluation of directors and senior management, and the formulation and review of the remuneration decision mechanisms, decision-making processes, payment and cessation of payment recovery arrangements, and other remuneration policies and plans for directors and senior management, and making recommendations to the board of directors on the following matters:

- (I) remuneration of directors and senior management;
- (II) formulation of or change to equity incentive plans and employee stock ownership plans, and the achievement of conditions for incentive recipients to be granted with and exercise interests;
- (III) arrangement of stock ownership plans for directors and senior management in the event of a proposed spin-off of a subsidiary;
- (IV) other matters stipulated by laws, administrative regulations, requirements of the CSRC and the Articles of Association.

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If the board of directors does not adopt or does not fully adopt the recommendations of the remuneration and appraisal committee, it shall record the opinion of the remuneration and appraisal committee and the specific reasons for its non-adoption in a resolution of the board of directors and disclose the same.

Senior Management

The Company shall have one general manager, who shall be appointed or dismissed at the discretion of the board of directors.

The deputy general manager of the Company shall be appointed or dismissed at the discretion of the board of directors.

The provisions of the Articles of Association in relation to the circumstances under which a person may not serve as a director and the management system for resignations shall also apply to senior management at the same time.

The provisions of the Articles of Association regarding the loyalty obligations and the diligence obligations of directors shall also apply to senior management at the same time.

Any person who holds any administrative office (other than director or supervisor) in the controlling shareholder and de facto controllers of the Company shall not hold any office of senior management in the Company concurrently.

The senior management may receive their remunerations from the Company only, rather than from the controlling shareholder of the Company.

The general manager shall have a term of office of three years and may serve consecutive terms upon reappointment.

The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (I) 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 work to the board of directors;
- (II) to organize and implement the Company’s annual business plan and investment proposals;
- (III) to draft plans for the establishment of the Company’s internal management organizations;
- (IV) to draft the Company’s basic management system;

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- (V) to formulate specific rules and regulations for the Company;
- (VI) to propose to the board of directors on the appointment or dismissal of deputy general manager, chief financial officer and other senior management of the Company;
- (VII) to decide on the appointment or dismissal of management personnel other than those who shall be appointed or dismissed by the board of directors;
- (VIII) to propose to convene an extraordinary meeting of the board of directors;
- (IX) to propose plans or systems of salaries, benefits, rewards and punishments for the employees of the Company and decide on the appointment and dismissal of them;
- (X) to exercise other functions and powers conferred by the Articles of Association or the board of directors.

The general manager shall attend the meetings of the board of directors.

The Company shall have a secretary to the board of directors, nominated by the chairman of the board of directors, appointed and dismissed by the board of directors. The secretary to the board of directors of the Company shall be responsible for the preparation of the shareholders' general meeting and the meetings of the board of directors of the Company, document keeping and management of shareholders' information of the Company and shall deal with information disclosure and other matters.

The secretary to the board of directors shall comply with the laws, administrative regulations, departmental rules and relevant provisions of the Articles of Association.

Where a member of senior management causes damage to others in executing his/her office in the Company, the Company shall be liable for compensation. Where a member of senior management acts with intent or gross negligence, he/she shall also bear the liability for compensation.

Where a member of senior management violates any laws, administrative regulations, departmental rules or provisions of the Articles of Association in executing his/her office in the Company, causing losses to the Company, he/she shall be liable for compensation.

The senior management of the Company shall faithfully perform their duties, and safeguard the best interests of the Company and all shareholders. Where a member of senior management fails to perform his/her duties faithfully or violates the fiduciary duty, causing damage to the interests of the Company and the public shareholders, he/she shall be liable for compensation in accordance with law.

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FINANCIAL AND ACCOUNTING SYSTEM

The Company shall submit and disclose its annual reports to the branch office of the CSRC and the stock exchange of the place where the Company’s shares are listed within four months from the end of each fiscal year, and its interim reports to the branch office of the CSRC and the stock exchange of the place where the Company’s shares are listed within two months from the end of the first six months of each fiscal year. If it is otherwise provided by the securities regulatory authorities of the place where the Company’s shares are listed, the provisions thereof shall prevail.

The above annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange.

The Company shall not establish any other accounting books except for the statutory ones. No assets of the Company shall be deposited in any account opened in the name of any individual.

In distributing the after-tax profit of the current year, the Company shall withdraw 10% of the profit as its statutory reserve funds. When the aggregate amount of the statutory reserve funds of the Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve funds of the Company are insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve funds in accordance with the preceding paragraph.

After withdrawing the statutory reserve funds from the after-tax profit, the Company may, subject to a resolution of the shareholders’ general meeting, withdraw the discretionary reserve funds from the after-tax profit.

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by the Company to the shareholders in proportion to their respective shareholdings, unless the Articles of Association stipulated that distribution is not based on the proportion of shareholdings.

Where the shareholders’ general meeting, in violation of the Company Law, distributes the profits to the shareholders, the shareholders shall return the profits distributed in violation of the provisions to the Company. In case of losses caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The shares of the Company held by it are not entitled to any profit distribution.

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Reserve funds of the Company are used for recovering losses of the Company and expanding production and operation of the Company or conversion into its registered capital.

When the reserve funds are used to make up for the Company’s losses, the discretionary reserve funds and the statutory reserve funds shall be used first; if the losses still cannot be made up, the capital reserve funds can be used in accordance with the requirements.

When the statutory reserve funds are converted to increase the registered capital, the remaining amount of such reserve funds shall not be less than 25% of the registered capital of the Company before the conversion.

INTERNAL AUDIT

The Company shall conduct internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit.

The internal audit system of the Company shall be implemented after being approved by the board of directors and disclosed to the public.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall engage an accounting firm that complies with relevant laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed, as well as the requirements of relevant regulatory authorities, to conduct accounting statement audits, net asset verification and other related consulting services. The term of appointment is one year and is renewable. Renewal or change (including new appointment or dismissal) of the accounting firm requires a separate information disclosure announcement.

The Company’s appointment and dismissal of an accounting firm shall be decided on the shareholders’ general meeting, and the board of directors may not appoint an accounting firm before a decision is made on the shareholders’ general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and shall not refuse, conceal or make false reports.

The audit fee of the accounting firm shall be decided by the shareholders’ general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give a 30-day prior notice to the accounting firm. When a shareholders’ general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

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Where the accounting firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

- (I) the term of business operation set out in the Articles of Association has expired or other reasons for dissolution specified in the Articles of Association have occurred;
- (II) a resolution for dissolution is passed at a shareholders' general meeting;
- (III) dissolution is necessary due to a merger or division of the Company;
- (IV) the business license is revoked, the Company is ordered to close or is wound up according to the laws;
- (V) the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding more than 10% of the voting rights of the Company may appeal to the People's Court for dissolution of the Company.

The Company shall, within ten days of the occurrence of the reasons for dissolution as stipulated in the preceding paragraph, disclose the reasons for dissolution on the National Enterprise Credit Information Publicity System.

In the circumstances set forth in items (I) and (II) of the first paragraph of Article 197 of the Articles of Association, and where no property has been distributed to shareholders, the Company may carry on its existence by amending the Articles of Association or by resolution of the shareholders' general meeting.

Amendments to the Articles of Association pursuant to the preceding paragraph or by resolution of the shareholders' general meeting shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting.

Where the Company is dissolved pursuant to items (I), (II), (IV) and (V) of the first paragraph of Article 197 of the Articles of Association, it shall be liquidated. The directors shall be the obligors for the Company's liquidation and shall establish a liquidation group to commence liquidation within 15 days from the emergence of the reasons for dissolution. The liquidation group shall be composed of personnel determined by the directors or the shareholders' general meeting. Where the liquidation obligors fail to timely perform their liquidation obligations and cause losses to the Company or creditors, they shall be liable for compensation.

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AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

- (I) following the amendments to the Company Law or relevant laws, administrative regulations and/or the securities regulatory rules of the place where the Company’s shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the amended laws, administrative regulations or the securities regulatory rules of the place where the Company’s shares are listed;
- (II) the Company’s situation changes and is inconsistent with the matters recorded in the Articles of Association;
- (III) the shareholders’ general meeting has decided on making amendments to the Articles of Association.

Where the amendments to the Articles of Association approved by the shareholders’ general meetings are subject to examination and approval by the competent authorities, such amendments shall be submitted to the competent authorities for approval. Where the amendments involve registration of the Company, the Company shall register relevant changes according to the laws.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on August 22, 1997, and was converted into a joint stock company with limited liability on August 8, 2019. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on October 31, 2025, and have established a place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong. Ms. Wan Wing Yi Carol has been appointed as the authorized representative to accept service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in “Summary of Articles of Association” in Appendix IV.

2. Changes in the Capital of Our Company

The following sets out the changes in the issued share capital of our Company within the two years immediately preceding the date of this document:

- between February and May 2024, our Company repurchased an aggregate of 1,880,572 A Shares for a consideration of RMB14.30 to RMB19.95 per A Share;
- between March and October 2025, our Company repurchased an aggregate of 1,319,333 A Shares for a consideration of RMB23.14 to RMB43.50 per A Share;
- on November 6, 2024, our Company issued 443,600 A Shares in connection with the vested restricted Shares under the 2022 Restricted Share Incentive Plan; and
- on July 16, 2025, our Company issued 1,615,000 A Shares in connection with vested restricted Shares under the 2024 Restricted Share Incentive Plan.

Save as disclosed above and in “— A. Further Information about Our Group — 4. Resolutions of our Shareholders,” there has been no alteration in the capital of our Company within the two years immediately preceding the date of this document.

3. Changes in the Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants’ Report in Appendix I.

APPENDIX V STATUTORY AND GENERAL INFORMATION

The following subsidiaries of our Company were incorporated within two years immediately preceding the date of this document:

Name of subsidiary	Place of establishment/ incorporation	Date of incorporation	Initial registered capital/share capital
Guangzhou Kexing Biopharmaceutical Co., Ltd. (廣州科興生物醫藥有限公司)	PRC	April 26, 2024	RMB30,000,000
Kexing Biopharm GmbH	Federal Republic of Germany	October 1, 2024	EUR25,000
Shenzhen Baotekeng Biotechnology Co., Ltd. (深圳寶特康生物科技有限公司)	PRC	April 18, 2025	RMB1,000,000
Shenzhen Tuoyi Xingchuang Technology Co., Ltd. (深圳拓益興創科技有限公司)	PRC	August 4, 2025	RMB5,000,000
Shenzhen Tuoyi Xingsheng Technology Co., Ltd. (深圳拓益興晟科技有限公司)	PRC	August 20, 2025	RMB5,000,000
Kexing Biopharm S.A.S.	Republic of Columbia	October 16, 2025	COP208,000,000

In addition, on July 21, 2025, the registered capital of Criativa Hospitalar Importacao, Exportacao E Distribuicao Ltda, our wholly owned subsidiary, increased from R\$150,000 to R\$1,350,000.

Save as disclosed above, there has been no alteration in the capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

On October 17, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

- (a) the Articles was approved and adopted with effect from the [REDACTED];
- (b) the [REDACTED] (including the [REDACTED], [REDACTED] and [REDACTED]) and the [REDACTED] were approved and our Directors were authorized to allot and issue the [REDACTED] pursuant to the [REDACTED]; and
- (c) the number of H Shares to be [REDACTED] shall be up to [REDACTED]% of the total share capital of our Company upon completion of the [REDACTED] and before any exercise of the [REDACTED], and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares initially [REDACTED] pursuant to the [REDACTED].

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STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

The following contract (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) was entered into by any member of our Group within the two years preceding the date of this document and is or may be material:

- (a) the [REDACTED].

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1. . . .	KXFIT BODY	5	Our Company	PRC	81259063	April 6, 2035
2. . . .	KXFLEX BODY	5	Our Company	PRC	81259072	April 6, 2035
3. . . .	Auravene	5	Our Company	PRC	78721582	November 6, 2034
4. . . .	KombineX	5	Our Company	PRC	76222267	July 20, 2034
5. . . .	KX BODY	5	Our Company	PRC	76221522	July 20, 2034
6. . . .	FIGHT BODY	5	Our Company	PRC	76204786	July 20, 2034
7. . . .		5	Our Company	PRC	75395840	May 6, 2034
8. . . .	Aubervis	5	Our Company	PRC	73839747	March 6, 2034
9. . . .	Alcomher	5	Our Company	PRC	73825988	March 6, 2034
10. . .	Acurvigta	5	Our Company	PRC	73828630	February 27, 2034

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No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
11. . .	Apexelsin	5	Our Company	PRC	71252533	October 20, 2033
12. . .	Exinkira	5	Our Company	PRC	70797519	November 6, 2033
13. . .	Exlimcon	5	Our Company	PRC	70830698	October 27, 2033
14. . .	Ahrasin	5	Our Company	PRC	68755524	June 20, 2033
15. . .	Apexelsin	5	Our Company	PRC	68537369	June 6, 2033
16. . .	AIRKEFAY	5	Our Company	PRC	66910870	May 20, 2033
17. . .	ARKETIN	5	Our Company	PRC	62429400	July 27, 2032
18. . .	BAIRUIAN	5	Our Company	PRC	62429408	July 27, 2032
19. . .		5	Our Company	PRC	39556487	May 20, 2030
20. . .		5	Our Company	PRC	39561247	February 13, 2031
21. . .		5	Our Company	PRC	39549443	January 27, 2031
22. . .		5	Our Company	PRC	39569042	February 13, 2031
23. . .	Eposino	5	Our Company	PRC	31335163	March 6, 2029
24. . .	常乐康 CHANG LE KANG	5	Our Company	PRC	1708457	February 6, 2032
25. . .	白特喜	5	Our Company	PRC	1616840	August 13, 2031
26. . .	WHITE-C	5	Our Company	PRC	1616838	August 13, 2031
27. . .	依普定	5	Our Company	PRC	1312726	September 13, 2029

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No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
28. . .		5	Our Company	PRC	864074	August 20, 2036
29. . .		5	Kexing Pharmaceutical	PRC	68753632	June 6, 2033
30. . .		5	Kexing Pharmaceutical	PRC	48446782	March 13, 2031
31. . .		5	Kexing Pharmaceutical	PRC	47932000	July 6, 2031
32. . .		5	Kexing Pharmaceutical	PRC	28361151	November 27, 2028
33. . .		5	Kexing Pharmaceutical	PRC	1616843	August 13, 2031

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material in relation to our business:

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
1. . .	A drug injection of recombinant human erythropoietin (一種重組人促紅細胞生成素的藥物注射劑)	Invention	Our Company	China	CN200610146206.0	June 24, 2009
2. . .	A method for detecting the content of recombinant human erythropoietin (重組人促紅細胞生成素的含量檢測方法)	Invention	Our Company and Kexing Pharmaceutical	China	CN202210601700.0	August 1, 2025

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No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
3. . .	A method for detecting recombinant human erythropoietin (重組人促紅細胞生成素的檢測方法)	Invention	Our Company and Kexing Pharmaceutical	China	CN202210751674.X	March 26, 2024
4. . .	Cell culture washing and exchange workstation and assembly line (細胞培養洗換工作站及流水線)	Utility	Our Company	China	CN202321752745.4	February 23, 2024
5. . .	A fully automated cell culture production line (一種全自動細胞培養生產線)	Utility	Our Company	China	CN202322311241.5	April 2, 2024
6. . .	A washing machine for cell culture apparatus (細胞培養用器具的清洗機)	Utility	Our Company	China	CN202323283517.X	July 23, 2024
7. . .	A purification method for separating recombinant human interferon $\alpha 1b$ isomers (分離重組人干擾素 $\alpha 1b$ 異構體的純化方法)	Invention	Kexing Pharmaceutical	China	CN202210320423.6	October 11, 2024
8. . .	A method for detecting the content of recombinant human interferon (重組人干擾素的含量檢測方法)	Invention	Kexing Pharmaceutical	China	CN202210326409.7	July 23, 2024
9. . .	A traditional Chinese medicine composition for treating hepatitis and its preparation method (一種治療肝炎的中藥組合物及其製備方法)	Invention	Our Company	China	CN200910223491.5	June 27, 2012

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No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
10. . .	A human interferon α 1b and its preparation method (一種人干擾素 α 1b及其製備方法)	Invention	Kexing Pharmaceutical	China	CN202111344359.7	April 4, 2025
11. . .	An interferon composition, its preparation method and application (一種干擾素組合物及其製備方法和應用)	Invention	Kexing Pharmaceutical	China	CN202111261573.6	June 30, 2023
12. . .	A method for site-specific PEGylation modification of proteins (一種蛋白質定點聚乙二醇化修飾的製備方法)	Invention	Our Company	China	CN202011019986.9	December 7, 2021
13. . .	A novel PEGylated recombinant human granulocyte colony-stimulating factor formulation (一種聚乙二醇修飾重組人粒細胞刺激因子新製劑)	Invention	Our Company	China	CN202011017963.4	December 2, 2022
14. . .	A growth hormone fusion protein and its application (一種生長激素融合蛋白及其應用)	Invention	Kexing Pharmaceutical	China	CN202210459224.3	January 24, 2025
15. . .	Recombinant engineered bacteria efficiently expressing recombinant hGH and their construction method and application (高效表達重組hGH的重組工程菌及構建方法和應用)	Invention	Kexing Pharmaceutical	China	CN202010987944.8	February 11, 2022

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No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
16. . .	A human growth hormone injection composition and its preparation method (一種人生長激素注射劑組合物及其製備方法)	Invention	Kexing Pharmaceutical	China	CN202011542888.3	December 19, 2023
17. . .	A purification method for growth hormone (一種生長激素的純化方法)	Invention	Our Company	China	CN202111680256.8	May 28, 2024

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be material in relation to our business:

No.	Patent	Patent type	Patentee	Place of application	Patent number	Application date
1. . .	An inhalable recombinant human interferon composition with low human serum albumin addition and its preparation method (一種低人血白蛋白添加的吸入用重組人干擾素組合物及其製備方法)	Invention	Kexing Pharmaceutical	China	CN202510141556.0	February 8, 2025
2. . .	A recombinant long-acting human growth hormone fusion protein, its preparation method and use (重組長效人生長激素融合蛋白及其製備方法和用途)	Invention	Kexing Pharmaceutical	China	CN202210395423.2	April 14, 2022

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No.	Patent	Patent type	Patentee	Place of application	Patent number	Application date
3.	A human growth hormone fusion protein, its preparation and use (人生長激素融合蛋白及其製備和用途)	Invention	Kexing Pharmaceutical	China	CN202210395418.1	April 14, 2022
4.	A growth hormone FC fusion protein injection and its use (生長激素FC融合蛋白注射液及其用途)	Invention	Kexing Pharmaceutical	China	CN202211338540.1	October 28, 2022
5.	A heterodimeric Fc fusion protein and its use (異源二聚體Fc融合蛋白及其用途)	Invention	Kexing Pharmaceutical	China	CN202211635644.9	December 19, 2022
6.	A growth hormone fusion protein and its application (一種生長激素融合蛋白及其應用)	Invention	Kexing Pharmaceutical	China	CN202411174126.0	April 27, 2022
7.	A single-domain antibody against GDF15 and its application (GDF15的單域抗體及其應用)	Invention	Our Company	China	CN202310318320.0	March 24, 2023
8.	A single-domain antibody against GFRAL and its application (GFRAL的單域抗體及其應用)	Invention	Our Company	China	CN202310318326.8	March 24, 2023
9.	GDF-15 antibody or its antigen-binding fragment, composition, formulation, and preparation method (GDF-15抗體或其抗原結合片段、組合物、製劑及其製備方法)	Invention	Kexing Pharmaceutical	China	CN202510818265.0	June 18, 2025

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No.	Patent	Patent type	Patentee	Place of application	Patent number	Application date
10. . .	A method for screening antibodies or antigen-binding fragments, and the antibodies or fragments obtained (篩選抗體或抗原結合片段的方法及其抗體或抗原結合片段)	Invention	Kexing Pharmaceutical	China	CN202510722527.3	May 30, 2025
11. . .	VEGF and ANG-2 bispecific antibody and its application (VEGF和ANG-2雙特異性抗體及其應用)	Invention	Our Company	China	CN202211193433.4	September 28, 2022
12. . .	An antibody or antigen-binding fragment recognizing ANG-2 and a bispecific antibody recognizing both VEGF and ANG-2 (能夠識別ANG-2的抗體或抗原結合片段和同時識別VEGF和ANG-2的雙抗)	Invention	Our Company	China	CN202280099840.0	September 28, 2022
13. . .	A method for isolating and culturing umbilical cord mesenchymal stem cells and its application in exosome culture (臍帶間充質幹細胞分離培養方法及其在外泌體培養中的應用)	Invention	Kexing Pharmaceutical	China	CN202410497178.5	April 24, 2024
14. . .	A method for purifying exosomes and quality control method for exosomes (純化外泌體的方法和外泌體質量控制方法)	Invention	Kexing Pharmaceutical	China	CN202410833675.8	June 26, 2024

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No.	Patent	Patent type	Patentee	Place of application	Patent number	Application date
15. . .	Exosome lyophilized composition, formulation, and preparation method (外泌體凍幹組合物、製劑及其製備方法)	Invention	Kexing Pharmaceutical	China	CN202510185108.0	February 19, 2025
16. . .	An antibody or antigen-binding fragment targeting BDCA2 and its application (靶向BDCA2的抗體或其抗原結合片段及其應用)	Invention	Kexing Pharmaceutical	China	CN202410657002.1	May 24, 2024
17. . .	An anti-TL1A antibody or its antigen-binding fragment and its use (抗TL1A抗體或其抗原結合片段及其用途)	Invention	Kexing Pharmaceutical	China	CN202510236475.9	February 28, 2025
18. . .	An anti-TL1A antibody or its antigen-binding fragment and its use (抗TL1A抗體或其抗原結合片段及其用途)	Invention	Kexing Pharmaceutical	China	CN202510161293.X	February 13, 2025
19. . .	An anti-TL1A antibody variant or its antigen-binding fragment and its use (抗TL1A抗體變體或其抗原結合片段及其用途)	Invention	Kexing Pharmaceutical	China	CN202511337697.6	September 18, 2025
20. . .	An antibody or antigen-binding fragment targeting DKK1 and its application (靶向DKK1的抗體或其抗原結合片段及其應用)	Invention	Kexing Pharmaceutical	China	CN202511125503.6	August 12, 2025
21. . .	A method for screening IFN α 2b mutants and the IFN α 2b mutants obtained (篩選IFN α 2b突變體的方法和IFN α 2b突變體)	Invention	Kexing Pharmaceutical	China	CN202511170418.1	August 20, 2025

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No.	Patent	Patent type	Patentee	Place of application	Patent number	Application date
22. . .	A single-domain antibody against GDF15 and its application (GDF15 的單域抗體及其應用)	PCT	Kexing Pharmaceutical	China	PCT/CN2024/073056	January 18, 2024

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material in relation to our business:

No.	Copyright	Copyright type	Registrant	Place of registration	Registration number	Registration date
1. . . .	Kalson	Work	Our Company	PRC	2021F00129774	June 10, 2021
2. . . .	Kangkang and Lele (康康和樂樂)	Work	Our Company	PRC	2020F01031802	May 12, 2020
3. . . .	self-healing ability (自愈力)	Work	Our Company	PRC	2019F00944983	December 5, 2019

(d) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1. . . .	www.kexing.com	Our Company	July 29, 2026

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of our Directors and chief executive*

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan), the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our 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 or 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 entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once our H Shares are [REDACTED], are set out below:

(i) *Interest in our Company*

Name of Director or chief executive	Nature of interest ⁽¹⁾	Number and class of Shares or underlying Shares held	% in total A Shares upon completion of the [REDACTED] ⁽²⁾	% in total issued share capital upon completion of the [REDACTED] ⁽²⁾
Mr. Deng ⁽³⁾	Interest in controlled corporation	109,688,630 A Shares	54.50%	[REDACTED]%
	Beneficial owner	1,764,125 A Shares	0.88%	[REDACTED]%
Mr. Zhao Yanqing (趙彥輕)	Beneficial owner	151,136 A Shares	0.08%	[REDACTED]%
	Beneficial owner ⁽⁴⁾	75,000 A Shares	0.04%	[REDACTED]%
Ms. Wang Xiaoqin (王小琴)	Beneficial owner	89,100 A Shares	0.04%	[REDACTED]%
	Beneficial owner ⁽⁴⁾	50,000 A Shares	0.02%	[REDACTED]%
Ms. Cui Ning (崔寧)	Beneficial owner	82,076 A Shares	0.02%	[REDACTED]%
	Beneficial owner ⁽⁴⁾	50,000 A Shares	0.02%	[REDACTED]%
Mr. Huang Kaikun (黃凱昆)	Beneficial owner ⁽⁴⁾	25,000 A Shares	0.01%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

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- (2) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan and including the 3,199,905 treasury Shares held by our Company as of the Latest Practicable Date).
- (3) See “Substantial Shareholders” for further details.
- (4) Represents interests of the relevant Directors in restricted Shares granted to them under the 2024 Restricted Share Incentive Plan, which entitle them to receive A Shares subject to vesting. See “— D. 2024 Restricted Share Incentive Plan — (i) Outstanding restricted Shares.”

(ii) Interest in our associated corporations

Name of Director or chief executive	Name of associated corporation	Nature of interest ⁽¹⁾	Registered capital	% in total registered capital
Mr. Deng ⁽⁴⁾	Shenzhen Keyi	Interest in controlled corporation ⁽²⁾	RMB100 million	100%
	Genzon Investment	Beneficial owner	RMB200 million	99.01%
		Interest in controlled corporation ⁽³⁾	RMB2 million	0.99%
Genzon Investment	Shenzhen Keyi	Beneficial owner	RMB100 million	100%

Notes:

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date, Shenzhen Keyi was wholly owned by Genzon Investment, which was in turn owned as to 99.01% by Mr. Deng and 0.99% by Zhengzhong Yisheng, which in turn was owned as to 99% by Mr. Deng. By virtue of the SFO, Mr. Deng is deemed to be interested in the shares in Shenzhen Keyi held by Genzon Investment.
- (3) As of the Latest Practicable Date, Genzon Investment was owned as to 0.99% by Zhengzhong Yisheng, which in turn was owned as to 99% by Mr. Deng. By virtue of the SFO, Mr. Deng is deemed to be interested in the shares in Genzon Investment held by Zhengzhong Yisheng.

Save as disclosed above, so far as our Directors are aware, immediately following the completion of the [REDACTED], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

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(b) Interests of our substantial Shareholders

Save as disclosed in “Substantial Shareholders” and “— C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests — (a) Interests of Our Directors and chief executive — (ii) Interest in our associated corporations,” our Directors and chief executive are not aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group any other member of our Group.

2. Directors’ Service Contracts and Letters of Appointment

We [have] entered into a service contract or appointment letter with each of our Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors’ Remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors by our Group in respect of the last completed financial year, being year ended December 31, 2024, was RMB4.0 million. For details of our Directors’ emoluments during the Track Record Period, see Note 9 to the Accountants’ Report in Appendix I.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2025 to be approximately RMB5.8 million.

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D. 2024 RESTRICTED SHARE INCENTIVE PLAN

The following is a summary of the principal terms of our 2024 Restricted Share Incentive Plan. The terms of 2024 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of restricted Shares by our Company after [REDACTED].

(a) Purpose

The purpose of the 2024 Restricted Share Incentive Plan is to improve our Group’s corporate governance structure and incentive mechanism and to attract and retain talents to achieve a sustained and healthy development of our Group in order to realize our Group’s long-term objectives. The 2024 Restricted Share Incentive Plan is implemented to align the interests of our Shareholders with the interests of our Group and employees.

(b) Administration

The 2024 Restricted Share Incentive Plan is subject to the approval of the shareholders’ meeting, the administration of our Board and the supervision of the independent Directors of our Company.

(c) Participants

The participants of our 2024 Restricted Share Incentive Plan include our Directors, senior management, core technical personnel and key technical or business staff, excluding our independent Directors and then supervisors.

(d) Source and Maximum Number of Shares

The underlying A Shares for our 2024 Restricted Share Incentive Plan are the A Shares issued by our Company. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. The maximum number of restricted Shares that can be granted under the 2024 Restricted Share Incentive Plan is 3,786,000.

(e) Date of Grant and Term of the 2024 Restricted Share Incentive Plan

The date on which the restricted Shares are granted shall be determined by the Board after the approval of the 2024 Restricted Share Incentive Plan by the shareholders’ meeting, and the initial grant of restricted Shares shall be announced within 60 days thereafter. The 2024 Restricted Share Incentive Plan shall be effective from the date of the grant of restricted Shares up to the date when all of the restricted Shares granted thereunder have been vested or cancelled and invalid, provided that the term of the 2024 Restricted Share Incentive Plan shall not exceed 36 months.

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(f) Lock-up for Directors and Senior Management

If the grantee is a Director or a member of senior management of our Company,

- (i) during their employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;
- (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;
- (iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and
- (iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(g) Conditions to the Grant of Restricted Shares

The restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to selected participants if the following conditions are fulfilled:

- (i) with respect to our Company, none of the following circumstances having occurred:
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company’s accountant’s report for the most recent fiscal year;
 - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant’s report for the most recent fiscal year;
 - (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;
 - (4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or
 - (5) any other circumstances determined by the CSRC; and

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- (ii) with respect to a grantee, none of the following circumstances having occurred:
 - (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
 - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
 - (6) any other circumstances determined by the CSRC.

(h) Vesting of Restricted Shares

The restricted Shares will only be vested when (i) the conditions set out under paragraph (g) above are fulfilled; (ii) each tranche of restricted Shares to be vested shall be subject to a minimum service period of not less than 12 months prior to vesting; and (iii) the annual assessment and performance targets as set out under the 2024 Restricted Share Incentive Plan are achieved.

The restricted Shares will be vested in tranches of 50% in two vesting periods that occur between (i) the first trading date after the 12-month anniversary from the date of grant and the last trading day up to the 24-month anniversary of the date of grant, and (ii) the first trading date after the 24-month anniversary from the date of grant and the last trading day up to the 36-month anniversary of the date of grant.

The number of restricted Shares granted and/or vested and/or the grant prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision or consolidation of shares, rights issue or payment of dividend. Our Company may cancel the granted but unvested restricted Shares upon occurrence of certain events as set out in the 2024 Restricted Share Incentive Plan, including but not limited to failure to satisfy the applicable vesting conditions.

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(i) Outstanding Restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the 2024 Restricted Share Incentive Plan was 1,615,000, representing approximately [REDACTED]% of the issued Shares immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan). Assuming full vesting of all outstanding restricted Shares granted under the 2024 Restricted Share Incentive Plan, the issued and outstanding shareholding of our Shareholders and our earning per Share immediately following completion of the [REDACTED] will be diluted by approximately [REDACTED]% (assuming the [REDACTED] is not exercised).

The following table sets forth the number of outstanding restricted Shares under our 2024 Restricted Share Incentive Plan as of the Latest Practicable Date. Each of the restricted Shares was granted on June 14, 2024 at a grant price of RMB11.92 (as adjusted).

Name	Position in our Company	Number of outstanding restricted Shares	As an approximate percentage of issued share capital upon completion of the [REDACTED] ⁽¹⁾
Mr. Zhao Yanqing (趙彥輕)	Executive Director and general manager	75,000	[REDACTED]%
Ms. Cui Ning (崔寧)	Executive Director and deputy general manager	50,000	[REDACTED]%
Ms. Wang Xiaoqin (王小琴)	Executive Director, chief financial officer and secretary of our Board	50,000	[REDACTED]%
Mr. Qin Suofu (秦鎖富)	Deputy general manager	50,000	[REDACTED]%
Ms. Ma Hongjie (馬鴻傑)	Deputy general manager	50,000	[REDACTED]%
Mr. Shao Ke (邵珂)	Deputy general manager	50,000	[REDACTED]%
Mr. Huang Kaikun (黃凱昆)	Non-executive Director	25,000	[REDACTED]%
120 other employees	N/A	1,265,000	[REDACTED]%

Note:

(1) The calculation is based on the assumption that the [REDACTED] is not exercised.

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E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the [REDACTED] of, and permission to deal in, the H Shares to be issued pursuant to the [REDACTED] (including any additional H Shares which may be issued pursuant to the exercise of the [REDACTED]).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US\$450,000 for acting as a sponsor for the [REDACTED].

4. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since June 30, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	A corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jia Yuan Law Offices	Qualified PRC lawyers

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Name	Qualification
Grant Thornton Hong Kong Limited	Certified public accountants and public interest entity auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group 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.

The experts named above 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 maybe) and references to their names included in the form and context in which they are respectively included.

6. Promoter

The promoters of our Company are Shenzhen Keyi, Shenzhen Hengjian Enterprise Management Partnership (Limited Partnership) (深圳市恒健企業管理合夥企業(有限合夥)) and Shenzhen Yuzao Enterprise Management Partnership (Limited Partnership) (深圳市裕早企業管理合夥企業(有限合夥)).

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit have been paid, allotted or given nor proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses.

8. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see “Summary of Articles of Association – Increase, Decrease and Repurchase of Shares” in Appendix IV.

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9. Binding Effect

This document shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
 - (i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in “— E. Other Information — 5. Qualification and Consent of Experts” have received any such payment or benefit;
 - (ii) no capital of any member of our Group has been issued or is agreed or proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;
 - (iii) none of our Directors or the experts named in “— E. Other Information — 5. Qualification and Consent of Experts” have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and
 - (iv) no commissions (but not including commissions to sub-[REDACTED]) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (b) Save as disclosed in this document:
 - (i) there is no arrangement under which future dividends are waived or agreed to be waived;
 - (ii) our Company has no outstanding convertible debt securities or debentures;
 - (iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;
 - (iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;
 - (v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document; and
 - (vi) none of our Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contract referred to in “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract” in Appendix V; and
- (b) the written consents referred to in “Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts” in Appendix V.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.kexing.com for a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the Track Record Period;
- (c) the Accountants’ Report for the Track Record Period issued by Grant Thornton Hong Kong Limited, the text of which is set out in Appendix I;
- (d) the report on the unaudited pro forma financial information of our Group issued by Grant Thornton Hong Kong Limited, the text of which is set out in Appendix IIA;
- (e) the property valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III;
- (f) the legal opinions issued by Jia Yuan Law Offices, our PRC Legal Advisor, in respect of certain aspects and the property interests of the Group in the PRC;
- (g) the industry report issued by Frost & Sullivan;
- (h) the material contract referred to in “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract” in Appendix V;

APPENDIX VI

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (i) the service contracts and letters of appointment referred to in “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Directors’ Service Contracts and Letters of Appointment” in Appendix V;
- (j) the written consents referred to in “Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts” in Appendix V; and
- (k) the PRC Company Law, Securities Law, and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.