RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, the equity interest of our Company was directly owned as to 44.62% by PAG Highlander and 39.62% by Hisun Pharmaceutical, respectively. Immediately following the completion of the [REDACTED], PAG Highlander and Hisun Pharmaceutical will be interested in approximately [REDACTED]% and [REDACTED]% of our issued share capital, respectively, assuming the [REDACTED] is not exercised.

PAG Highlander is wholly owned by PAG Highlander II (Cayman) Limited. PAG Highlander II (Cayman) Limited is wholly owned by PAG Highlander I (Cayman) Limited. PAG Highlander I (Cayman) Limited is owned as to 90.12% and 9.88% by PAGAC III Highlander (Cayman) Limited and PAGGC I Highlander (Cayman) Limited, respectively. PAGAC III Highlander (Cayman) Limited is wholly owned by PAG Asia III LP, a limited partnership in the Cayman Islands. PAG Asia Capital GP III Limited is the general partner of PAG Asia III LP. PAG Asia Capital GP III Limited is wholly owned by PAG Capital Limited. PAG Capital Limited is wholly owned by Pacific Alliance Group Limited, which is in turn wholly owned by PAG. PAGGC I Highlander (Cayman) Limited is wholly owned by PAG Growth I LP, a limited partnership in the Cayman Islands. PAG Growth Capital GP I Limited is the general partner of PAG Growth I LP. PAG Growth Capital GP I Limited is wholly owned by PAG Growth Limited. PAG Growth Limited is wholly owned by Pacific Alliance Group Limited (together with PAG Highlander, PAG Highlander II (Cayman) Limited, PAG Highlander I (Cayman) Limited, PAGAC III Highlander (Cayman) Limited, PAG Asia III LP, PAG Asia Capital GP III Limited, PAG Capital Limited, PAGGC I Highlander (Cayman) Limited, PAG Growth I LP, PAG Growth Capital GP I Limited, PAG Growth Limited and PAG, collectively, the "**PAG Entities**").

As of the Latest Practicable Date, Hisun Pharmaceutical was held as to 26.76% equity interest by Zhejiang Hisun, which was owned as to 79.86% by Taizhou Jiaojiang. Based on the public disclosures made by Hisun Pharmaceutical as a company listed on the Shanghai Stock Exchange, Zhejiang Hisun is regarded as the controlling shareholder of Hisun Pharmaceutical, and therefore Taizhou Jiaojiang is deemed as the actual controller of Hisun Pharmaceutical. Pursuant to the Rules Governing the Listing of Shares on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》), an "actual controller" refers to an individual or entity that is able to control a company by way of investment relationship, contracts or other arrangements. As the actual controller of Hisun Pharmaceutical, Taizhou Jiaojiang, through Zhejiang Hisun, is able to exercise control over Hisun Pharmaceutical. Given Hisun Pharmaceutical is able to exercise more than 30% voting power over our Company, Taizhou Jiaojiang and Zhejiang Hisun, are therefore able, through Hisun Pharmaceutical, to indirectly control the exercise of more than 30% of the voting power at general meetings of our Company. On this basis, we also regard Taizhou Jiaojiang and Zhejiang Hisun as our Controlling Shareholders. As of the Latest Practicable Date, Taizhou Jiaojiang is owned as to 90% by the People's Government of Jiaojiang District of Taizhou.

Accordingly, immediately following the completion of the [REDACTED], the PAG Entities, Hisun Pharmaceutical, Zhejiang Hisun and Taizhou Jiaojiang will remain our Controlling Shareholders. Please refer to "History and Corporate Structure" for the shareholding and corporate structure of our Group.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

PAG Entities

PAG is the ultimate holding company of the remaining members in the PAG Entities. PAG is a leading alternative investment manager focused on Asia-Pacific region, with core strategies spanning credit and markets, private equity, and real assets. PAG manages capital on behalf of nearly 300 institutional fund investors, including some of the most sophisticated global asset allocators. As of September 30, 2025, PAG has over US$55 billion in assets under management.

The PAG Entities comprise PAG and a group of investment holding companies, general partners and limited partnerships ultimately controlled by PAG, including the entities through which PAG holds its interest in our Company. Save for its interest in our Company, the PAG Entities have no interests in any other companies that compete or are likely to compete, either directly or indirectly, with the business of our Group which may require disclosure under Rule 8.10 of the Listing Rules during the Track Record Period and as of the Latest Practicable Date.

Hisun Pharmaceutical

Hisun Pharmaceutical is a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 600267). It is a comprehensive pharmaceutical group with integrated capabilities across research and development, manufacturing and commercialization, and operates a vertically integrated business model covering pharmaceutical formulations and active pharmaceutical ingredients. Hisun Pharmaceutical's principal businesses include pharmaceutical formulations (primarily chemical drugs), active pharmaceutical ingredients, animal health products and pharmaceutical commercialization, with a diversified product portfolio covering multiple therapeutic areas, including oncology, cardiovascular, anti-infective, anti-parasitic, endocrine regulation, immunosuppression, and hepatobiliary protection.

DELINEATION OF BUSINESS BETWEEN US AND HISUN PHARMACEUTICAL

We are a fully integrated, leading biopharmaceutical company in China, committed to providing comprehensive immunological therapeutic solutions for patients across autoimmune and inflammatory diseases, immuno-oncology and malignancies of immune system itself. Our Company is of the view that there is a clear delineation of business, and no material competition, between our Group and Hisun Pharmaceutical, and that Hisun Pharmaceutical's business does not compete and is unlikely to compete, directly or indirectly, with our Group's business, as (i) our Group and Hisun Pharmaceutical have been

structured and mandated from the outset to pursue distinct business directions; and (ii) there are significant differences in the mechanism of action, clinical usage practices and addressable markets of the respective products of our Group and Hisun Pharmaceutical.

Historical Business Scope Delineation and Related Non-Compete Arrangements

From the outset of the establishment of our Group and the relevant transaction arrangements with Hisun Pharmaceutical, the parties deliberately adopted a clear strategic and business delineation. Hisun Pharmaceutical and our Group were structured and mandated to pursue distinct business directions, with Hisun Pharmaceutical focusing on traditional pharmaceutical businesses and our Group focusing on biologics-based innovation. Such delineation was embedded in the parties' original commercial rationale and has been consistently implemented through the respective product pipelines, R&D focus and commercialization strategies of our Group and Hisun Pharmaceutical.

This structural separation is further reflected in the non-competition undertakings publicly disclosed by Hisun Pharmaceutical, pursuant to which Hisun Pharmaceutical has undertaken not to engage in competitive activities with our Group in relation to biologic drug businesses, save for certain legacy biologic product pipelines[1] retained by Hisun Pharmaceutical at the time of establishment of our Company in 2019 that fall outside the scope of such non-competition obligations. Against this background, and as further demonstrated by the product-level analysis below, our Company is of the view that there is a clear business delineation between our Group and Hisun Pharmaceutical.

Differentiation in Mechanism of Action, Clinical Usage Practice and Addressable Market of Drug Products

Differences in mechanism of action

Hisun Pharmaceutical primarily focuses on small molecule chemical drugs and traditional therapeutic classes, with product pipelines covering a broad range of therapeutic areas, including oncology, cardiovascular and metabolic diseases, autoimmune diseases and pain management. These products generally follow relatively mature development pathways and established mechanisms of action, including cytotoxic chemotherapy, endocrine and metabolic pathway modulation, and traditional immunosuppressive or anti-inflammatory mechanisms that act through broad regulation of inflammatory mediators or immune cell activity. While Hisun Pharmaceutical is also exploring formulation- and delivery-focused innovations (such as complex formulations and drug-delivery technologies) to improve dosing convenience and patient compliance, such efforts are directed at optimizing the administration of existing active ingredients rather than developing new biologic targets or antibody-based mechanisms. Overall, Hisun

1 Such legacy biologic product pipelines mainly include insulin products and recombinant human albumin. Although certain legacy biologic product pipelines involve oncology or immunology related biological pathways, these products are either preventive, diagnostic, early-stage or suspended programs, or belong to distinct therapeutic areas such as metabolic and endocrine diseases. They differ fundamentally from the immunology and oncology products of our Group in terms of mechanism of action, clinical usage practice and addressable markets, and therefore do not give rise to actual or potential competition.

Pharmaceutical's products are characterized by broad clinical applicability and wide patient coverage, and are commonly used as foundational treatment options in routine clinical practice, particularly in settings where cost-effectiveness and accessibility are key considerations.

Our Group focuses on biologic macromolecule drugs, including fusion proteins, monoclonal antibodies, multispecific antibodies and antibody-drug conjugates (ADCs), including dual-payload ADCs. These products are designed to achieve more target-driven treatment mechanism by leveraging antibodies' highly specific binding to defined cytokines, cell-surface receptors, or tumor-associated antigens, etc. Biologic macromolecule drugs and ADCs generally involve higher technological barriers and R&D costs. ADCs combine an antibody with specially designed cytotoxic and/or immuno-modulating payload(s) to deliver such payload(s) preferentially to cells expressing the target antigen, to kill tumor cells in cancer, or to regulate immune function in autoimmune diseases.

Different clinical usage practices

Hisun Pharmaceutical's small molecule chemical drugs and traditional therapeutic classes are widely used across oncology and immunology-related disease areas. In oncology, traditional chemotherapy and endocrine therapy are commonly used as standard "backbone" components of treatment regimens and may be used in earlier-line settings depending on clinical guidelines, tumor subtype and patient condition. For example, in breast cancer treatment, paclitaxel-based chemotherapy can be used across multiple breast cancer subtypes, while endocrine therapies (such as aromatase inhibitors including letrozole and anastrozole) are commonly used for long-term management in hormone-receptor-positive breast cancer.

Our Group's biologic macromolecule drugs and ADC therapies focus on precision therapy via target-driven mechanisms, and are generally intended for specific patient populations (e.g., HER2-positive breast cancer patients or those patients whose tumors express other particular targetable antigens). These therapies are often used in biomarker-defined settings where target-driven precision therapies provide clinical advantages. In practice, doctors determine the type and order of therapies given to a patient based on established treatment guidelines, published clinical evidence, progression of disease and the patient's individual condition. The initial therapy used is often referred to as first-line (1L) treatment, followed by second- and later-line (2L+) treatments after an earlier-line treatment has failed. Although certain drugs of Hisun Pharmaceutical and our Group are designed for the same broad disease types, their drug modalities, targets, intended sub-population of patients and typical clinical positioning differ. As a result, these drugs generally serve different patient segments in different lines of therapies, and are not simply interchangeable. There are also possibilities that they may be developed into combination treatment regimens where chemotherapies or hormonal therapies are combined together with antibody-based targeted therapies for applicable patients.

Distinct addressable markets

Hisun Pharmaceutical's product portfolio is centered on traditional chemical drugs, with a primary focus on established therapeutic classes. These products typically have mature manufacturing processes, lower production costs and are suitable for large-scale manufacturing and broad market coverage.

Our Group focuses on the R&D and manufacturing of innovative biologic drugs and ADC drugs. These large molecule therapies are positioned in mechanism-driven and precision-medicine segments and may have stronger differentiation where biomarker-defined targeting or novel mechanisms are clinically meaningful.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The business delineation between our Group and Hisun Pharmaceutical can be demonstrated by the comparison between the respective drug products and drug candidates of our Group and Hisun Pharmaceutical below:

Immunology

Product — Modality — Target (if any) — Indication(s) . . .	Our Group	Hisun Pharmaceutical
	Biologic macromolecule drugs(1):	***Small molecules/traditional immunosuppressants/ anti-inflammatory drugs:***
	Anbainuo 安佰诺® — Fusion protein — TNF α — Rheumatoid Arthritis /Psoriasis/Ankylosing Spondylitis	Apremilast Tablets (阿普斯特片) — Small molecule — PDE4 — Psoriasis/Psoriatic Arthritis
	Anjianning 安健宁® — mAb — TNF α — Rheumatoid Arthritis/Psoriasis/ Ankylosing Spondylitis/Polyarticular Juvenile Idiopathic Arthritis/Crohn's Disease/Uveitis (and other approved indications as applicable)	Tacrolimus Capsules (他克莫司膠囊) — Small molecule — FKBP-12 — prevention of organ transplant rejection/immunosuppressive therapy
	Anbaite 安佰特® — mAb — TNF α — Rheumatoid Arthritis/Psoriasis/ Ankylosing Spondylitis/Crohn's Disease/Ulcerative Colitis (and other approved indications as applicable)	Mycophenolate Mofetil Tablets (嗎替麥考酚酯片) — Small molecule — IMPDH — prevention of organ transplant rejection/treatment of certain autoimmune diseases
	Anbaixin 安佰欣® — mAb — IL-6R — Rheumatoid Arthritis/Systemic Juvenile Idiopathic Arthritis/Cytokine Release Syndrome (and other approved indications as applicable)	Sirolimus (西羅莫司) — Small molecule — mTOR (mammalian target of rapamycin) — prevention of organ transplant rejection (primarily renal transplantation)
	Bimzelx®倍捷乐® — mAb — IL-17A/F — Ankylosing Spondylitis (approved)/ Non-radiographic Axial Spondyloarthritis (approved)/ Moderate to severe plaque psoriasis (BLA application submitted)/ Hidradenitis Suppurativa (BLA application submitted)	Methotrexate (甲氨蝶呤) — Small molecule — Dihydrofolate reductase (DHFR) — treatment of autoimmune and inflammatory diseases (including rheumatoid arthritis and psoriasis)/treatment of certain malignancies (including leukemia, lymphoma and other solid tumors as part of combination chemotherapy)
	BR2060* — ADC — IL-4R — Atopic Dermatitis/Asthma/Other Type 2 Inflammatory Diseases (and other indications as applicable)	

* *in R&D progress*

	Our Group	Hisun Pharmaceutical
Mechanism of action	Our Group's immunology products are primarily biologic macromolecule drugs that modulate immune responses through defined cytokines or immune receptors. These include TNF α inhibition to suppress inflammatory signaling, IL-6R blockade to reduce downstream pro-inflammatory cascades, IL-17A/F inhibition to address spondyloarthritis-driven inflammation, and IL-4R-targeted approaches designed to modulate type-2 inflammatory pathways. By intervening at specific immune signaling nodes, these therapies aim to provide mechanism-driven immunomodulation tailored to particular immune-mediated inflammatory diseases.	Hisun Pharmaceutical's immunology products primarily consist of small molecule drugs and traditional immunosuppressants that act through established and broader immunomodulatory mechanisms. These include PDE4 inhibition down-regulating inflammatory mediators, calcineurin inhibition suppressing T-cell activation, and antimetabolite-mediated inhibition of lymphocyte proliferation. These mechanisms result in broad suppression or modulation of immune activity rather than selective pathway targeting.
Clinical usage practices.	Moderate to severe immune-mediated inflammatory diseases and biologic-eligible patient populations where pathway-specific immunomodulation provides clinical benefit.	Broad autoimmune and inflammatory disease populations where conventional immunosuppressive or anti-inflammatory therapies are appropriate. These products are commonly used as foundational or conventional treatment options, particularly in settings where cost, accessibility and established use patterns are key considerations.
Addressable market	Mechanism-driven and biologic-eligible segments of the immunology market, typically involving more defined patient subgroups and differentiated therapeutic positioning.	Large, broad-based autoimmune and inflammatory disease market served by widely used, economical small molecule and traditional immunosuppressive therapies with high treatment volumes.

Note:

(1) Although certain indications (such as psoriasis) of our Group's small molecule products may partially overlap with those of Hisun Pharmaceutical's immunology products, including Anshuzheng 安舒正® (Rheumatoid Arthritis/Psoriatic Arthritis/Ankylosing Spondylitis) and BR2251 (in phase 2 development for treatment of gout), these products materially differ in mechanism of action, clinical usage practice and addressable market. As such, they do not give rise to material competition with Hisun Pharmaceutical's listed immunology products.

Oncology

(i) Solid Tumor

	Our Group	Hisun Pharmaceutical	
Product — Modality — Target (if any) — Indication(s)	***Biologic macromolecule drugs***	***Small molecule drugs (Chemotherapy)***	***Small molecule drugs (Endocrine therapy)***
	Anruize 安瑞泽® — mAb — HER2 — HER2-positive metastatic breast cancer, early-stage breast cancer and metastatic gastric cancer (and other approved indications as applicable)	Paclitaxel for injection (Albumin Bound) (注射用紫杉醇(白蛋白結合型)) — Small molecule (Chemotherapy) — tubulin — metastatic or recurrent breast cancer after failure of prior chemotherapy	Letrozole Tablets (來曲唑片) — Small molecule — N/A — adjuvant treatment of early breast cancer in postmenopausal women
	HS627* — mAb — HER2 — early and metastatic breast cancer (and other indications as applicable)	Epirubicin Hydrochloride for Injection (注射用鹽酸表柔比星) — Small molecule (Chemotherapy) — N/A — a broad range of solid tumors and hematologic malignancies (including breast cancer, lung cancer, gastrointestinal cancers, sarcomas, lymphomas and leukemia)/intravesical treatment of superficial bladder cancer	Anastrozole Tablets (阿那曲唑片) — Small molecule — N/A — treatment of advanced breast cancer in postmenopausal women
	BR111* — ADC — ROR1/ROR1 — solid tumors/hematologic malignancies (and other indications as applicable)		HS387* — Small molecule — KIF18A — advanced solid tumors (including high-grade serous ovarian cancer and non-small cell lung cancer)
	BRY812* — ADC — LIV-1 — solid tumors (gynecologic tumors / prostate cancer and other solid tumors) (and other indications as applicable)		* *in R&D progress*
	BR113* — ADC — TROP2 — solid tumors (breast cancer, EGFR + NSCLC, pancreatic cancer, gynecologic tumors and other solid tumors) (and other indications as applicable)		
	BR1274* — ADC — (Undisclosed) — solid tumors (and other indications as applicable)		
	* *in R&D progress*		

	Our Group	Hisun Pharmaceutical
Mechanism of action.	Our Group's solid tumor portfolio consists of innovative biologic macromolecule drugs and advanced ADC platforms that act through target-directed and immune-modulating mechanisms. These therapies precisely recognize tumor-specific molecular markers and signaling pathways to selectively eliminate malignant cells while minimizing damage to normal tissues. Their mechanisms include HER2-directed tumor cell blockade and immune-mediated cytotoxicity, antigen-specific ADC-mediated tumor killing via targets such as TROP2, LIV-1 and ROR1/ROR1, innate immune checkpoint modulation, multispecific immune engagement, and targeted delivery of cytotoxic payloads through next-generation ADC, BpADC and BiADC constructs. Compared with traditional chemotherapy, these approaches enable deeper tumor killing with reduced systemic toxicity.	Hisun Pharmaceutical's solid tumor products primarily rely on traditional chemotherapy mechanisms, which act through broad cytotoxic effects on rapidly dividing cells rather than selective targeting of tumor-specific markers. These mechanisms include microtubule inhibition leading to mitotic arrest (e.g. paclitaxel) and DNA intercalation and topoisomerase II inhibition disrupting DNA replication (e.g. epirubicin and idarubicin). Such therapies are effective across a wide range of tumors but are associated with non-selective cytotoxicity affecting both cancerous and normal proliferating cells.

	Our Group	Hisun Pharmaceutical
Clinical usage practices	Our Group's solid tumor therapies are typically positioned for biomarker-defined or antigen-defined patient subgroups, including HER2-positive breast cancer and other solid tumors expressing targets such as TROP2, LIV-1, or ROR1/ROR1. These products are generally used in precision treatment settings, later-line or refractory disease, or in combination regimens where targeted biologic or ADC-based therapies offer clinical advantages over standard chemotherapy.	Hisun Pharmaceutical's chemotherapy products are used across a broad range of solid tumors, including breast cancer, lung cancer, gastric cancer, ovarian cancer, liver cancer and soft tissue sarcoma. They typically serve as first-line or foundational chemotherapy regimens, or as standard components of combination therapy, and are suitable for large, mainstream patient populations regardless of biomarker status.
Addressable market	Our Group addresses precision oncology segments, focusing on patients whose tumors are driven by specific molecular targets, those who have developed resistance or intolerance to standard chemotherapy, and scenarios where reduction of cumulative systemic toxicity is clinically important. The addressable market is mechanism-driven and biomarker-defined, with higher differentiation and narrower patient subsets.	Hisun Pharmaceutical serves the broad, high-volume solid tumor market, providing widely used cytotoxic agents suitable for newly diagnosed patients and tumors known to be chemotherapy-sensitive. These products have wide clinical applicability, lower cost, and remain essential backbone therapies in standard solid tumor treatment across large patient populations.

(ii) Hematologic Malignancy

	Our Group	Hisun Pharmaceutical	
Product — Modality — Target (if any) — Indication(s)	***Biologic macromolecule drugs***	***Small molecule drugs (Chemotherapy)***	***Small molecule drugs***
	Anruixi 安瑞昔® — mAb — CD20 — CD20 Positive Diffuse Large 8-cell Lymphoma (DLBCL) (approved)/Primary Membranous Nephropathy (in China Phase 2 study*)	Idarubicin for Injection (注射用伊達比星) — Small molecule (Chemotherapy) — N/A — acute leukemias (including adult acute non-lymphocytic leukemia and second-line treatment of acute lymphoblastic leukemia)/as part of combination chemotherapy	Venetoclax (維奈克拉片)* — Small molecule — BCL-2 — hematologic malignancies
	BR111* — ADC — ROR1/ROR1 — hematologic malignancies/solid tumors (and other indications as applicable)	Fludarabine Phosphate for Injection (注射用磷酸氟達拉濱) — Small molecule (Chemotherapy) — N/A — relapsed or refractory B-cell CLL after alkylating therapy	* *in R&D progress*
	* *in R&D progress*	Methotrexate (甲氨蝶呤) — Small molecule (Chemotherapy) — Dihydrofolate reductase (DHFR) — treatment of autoimmune and inflammatory diseases (including rheumatoid arthritis and psoriasis)/treatment of certain malignancies (including leukemia, lymphoma and other solid tumors as part of combination chemotherapy)	

	Our Group	Hisun Pharmaceutical
Mechanism of action.	Our Group's products are biologic macromolecule drugs that act through target-specific and pathway-selective mechanisms. Anruixi 安瑞昔® targets CD20, leading to selective depletion of malignant B cells in CD20-positive lymphomas. BR111 is an ROR1/ROR1-directed ADC designed to deliver cytotoxic payloads selectively into tumor cells expressing ROR1/ROR1. By recognizing disease-specific cellular markers and selectively modulating immune and signaling pathways that drive malignant transformation, these agents can precisely eliminate abnormal hematologic cells while preserving normal immune and hematopoietic function. Compared with broad-spectrum chemotherapeutic regimens traditionally used in leukemia, lymphoma, and related disorders, this precision-based approach enables targeted eradication of malignant clones, reduces systemic toxicity, and offers deeper and more durable responses in biomarker-defined or treatment-refractory patient populations.	Hisun Pharmaceutical's portfolio mainly consists of cytotoxic chemotherapies and certain broad-acting small molecules that inhibit DNA synthesis, interfere with DNA replication or broadly suppress rapidly dividing malignant cells. Chemotherapy agents for hematologic malignancies primarily act by disrupting DNA replication, inhibiting nucleic acid synthesis, or inducing apoptosis through cytotoxic stress. These drugs exert potent effects on rapidly dividing cells, enabling them to eliminate leukemic or lymphomatous cells but also leading to collateral suppression of normal bone marrow and immune function. Endocrine-independent small-molecule agents with broad anti-proliferative activity may also be used, yet they generally lack disease-specific selectivity.

	Our Group	Hisun Pharmaceutical
Clinical usage practices	Target-defined or mechanism-defined hematologic malignancy subsets (such as CD20-positive disease) and settings where targeted biologic or ADC-based therapies are clinically appropriate, typically used as combination therapy with chemo in frontline regimens, or targeted precision therapy in specific patient populations.	Broad hematologic malignancy coverage through standard chemotherapy backbones used in induction, consolidation or conditioning regimens across a wide range of leukemias and lymphomas.
Addressable market	Biomarker-defined and mechanism-driven segments of the hematologic oncology market.	Mass, broad-based hematologic cancer market served by widely used chemotherapy agents with large treatment volumes.

Hisun Pharmaceutical's product portfolio in immune-mediated inflammatory diseases and oncology is centered on broad-acting, economical and well-established therapeutic classes, primarily including traditional chemotherapy, endocrine therapies and conventional small-molecule immunosuppressants, such as calcineurin inhibitors, antimetabolites and PDE4 inhibitors. These products provide wide clinical coverage and are commonly used as foundational first- or second-line therapies across large patient populations.

In contrast, our Group strategically focuses on targeted biologics and next-generation ADC modalities across immunology and oncology. In immunology, our therapies act on defined immune pathways, including TNF α , IL-6R, IL-17A/F, CD20 and IL-4R, enabling mechanism-driven immunomodulation for moderate to severe or biologic-eligible patient populations. In oncology, our portfolio comprises tumor-specific monoclonal antibodies and advanced ADC-based platforms, directed at targets such as HER2, CD20, LIV-1, TROP2, and ROR1/ROR1, etc., offering improved efficacy and reduced systemic toxicity for biomarker-defined or treatment-refractory patients.

Overall, the two companies demonstrate clear differentiation in positioning. Hisun Pharmaceutical emphasizes widely accessible, high-volume therapies suitable for mainstream treatment needs, while our Group advances mechanism-driven, precision therapies addressing molecularly defined patient subsets where selectivity, durability and safety are critical.

On the basis of the above, each of Hisun Pharmaceutical and our Company believes that there is a clear business delineation of business between our Group and Hisun Pharmaceutical, and our Directors are of the view that the business of Hisun Pharmaceutical does not compete, and is unlikely to compete, directly or indirectly, with our Group's business in material aspect. Hisun Pharmaceutical further confirmed that, as of the Latest Practicable Date, save as disclosed in this section, they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which may require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board consists of two executive Directors, four non-executive Directors and three independent non-executive Directors. For more information, see "Directors, Supervisors and Senior Management." Our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

(i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefit and in the interest of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(ii) our daily management and operations are carried out by our executive Directors and senior management team. As of the Latest Practicable Date, our executive Directors and senior management members of our Company do not hold any role as an executive director or member of senior management in our Controlling Shareholders or any of their close associates. They also have substantial experience in the industry in which our Company is engaged and will therefore be able to make impartial and sound business decisions that are in the best interest of our Group;

(iii) our Board acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations;

(iv) our Board has a balanced composition of executive, non-executive and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for one-third of the Board, and do not and will not take up any position with our Controlling Shareholders. All of our three independent non-executive Directors have extensive experience in their respective areas of expertise. For details, see "Directors, Supervisors and Senior

Management." All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company shall always be referred to the independent non-executive Directors for review, ensuring the decisions of our Board are made only after the due consideration of independent and impartial opinions;

(v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director or their respective close associate, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions, and all Directors with material conflict of interest shall abstain from voting in respect of such transactions; and

(vi) upon [REDACTED], we will adopt a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance Measures" in this section.

Based on the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole. Our Board together with our senior management team, therefore, are able to perform the managerial role in our Group independently.

Operational Independence

We are a fully integrated, leading biopharmaceutical company in China, committed to providing comprehensive immunological therapeutic solutions for patients across autoimmune and inflammatory diseases, immuno-oncology and malignancies of immune system itself. Our Group holds all the relevant material intellectual property rights, licenses, qualifications and permits required for conducting our Group's business. Our Group has sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their respective close associates. Our Group also has independent access to our customers. We have our own accounting and financial department, human resources and administration department, internal control department and technology department. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

Our Directors are of the view that our Group is operationally independent from our Controlling Shareholders and their respective close associates. In particular, our Group operates independently in terms of research and development, procurement, manufacturing sales and marketing, administration, and day-to-day operations, and is not reliant on our Controlling Shareholders for its business operations, notwithstanding certain continuing connected transactions entered into in the ordinary and usual course of business. The basis for this conclusion is set out below.

Research and development

Our Group has established three R&D centers that are operationally independent from the R&D centers of Hisun Pharmaceutical, with two located in Taizhou and Hangzhou, Zhejiang Province, the PRC, and one located in San Diego, the United States. As of the Latest Practicable Date, our R&D team comprised over 110 members, all of whom are full-time employees of our Group not holding any position in Hisun Pharmaceutical. With such independent R&D center and experienced and independent R&D team, our Group has the requisite resources to carry on the R&D process independently.

Although Hangzhou Bozhirui leases certain premises from Hisun Hangzhou pursuant to the Zone C Property Lease Agreement under the Hisun Property and Equipment Lease Agreements as set out in "Connected Transactions — One-off Connected Transactions — Property and Equipment Lease Agreements" in this document, such arrangements relate solely to the use of physical premises. All R&D activities conducted at the leased premises are carried out using our own R&D facilities, equipment and personnel, and are planned, managed and executed independently by our Group, without reliance on Hisun Pharmaceutical. With dedicated R&D infrastructure, an experienced in-house R&D team and independent decision-making over research direction and execution, all of our ongoing R&D activities, including preclinical studies and clinical trials, are conducted independently by our Group without reliance on our Controlling Shareholders.

Procurement

During the Track Record Period and in the ordinary and usual course of business, we procured certain production consumables (the "**Production Consumables**") from Hisun Pharmaceutical from time to time as set out in "Connected Transactions — Continuing Connected Transactions — Fully-Exempt Continuing Connected Transactions — Procurement of Consumables" in this document. These consumables are used primarily in our production processes. Following the [REDACTED], we expect to continue engaging Hisun Pharmaceutical to provide these Production Consumables on an arm's length basis and on normal commercial terms. Such transactions will constitute continuing connected transactions of our Company upon completion of the [REDACTED].

Our Group is of the view that such procurement from Hisun Pharmaceutical does not and will not affect our ability to operate independently from Hisun Pharmaceutical since (i) the Production Consumables are readily and commonly available in the market, and the supply of such materials is not exclusive to Hisun Pharmaceutical; and (ii) in the unlikely event that Hisun Pharmaceutical ceases to supply the relevant materials, we believe we would be able to identify and engage alternative suppliers on comparable commercial terms without material disruption to our operations.

Our Group maintains an independent procurement function, which operates independently from our Controlling Shareholders and their respective close associates. Our Controlling Shareholders and we carry out respective selection of suppliers independently in accordance with respective supplier management policies and systems. Our procurement team may select supplier candidates from the approved supplier list or, where appropriate, identifies new supplier candidates based on specific procurement needs. The procurement process, including request for quotation, bid comparison, and commercial negotiation, is conducted by our procurement team directly by our procurement team, which also negotiates and enters into procurement agreements with suppliers independently of our Controlling Shareholders.

Manufacturing

Our Group has established substantial in-house manufacturing capacity. We operate our pharmaceutical manufacturing activities primarily through our Hangzhou production base in Zhejiang Province, the PRC which comprises eight production workshops, including four drug substance preparation workshops, three drug product formulation workshops and one packaging workshop. Supported by our experienced manufacturing team, advanced manufacturing facilities, established manufacturing processes and stringent quality control systems, we have accumulated extensive experience in commercial-scale manufacturing. As of the Latest Practicable Date, we had successfully manufactured six products, and we operate tailored manufacturing processes for our pharmaceutical products across multiple dosage forms. During the Track Record Period, the majority of our pharmaceutical products and product candidates were manufactured in-house, demonstrating our ability to independently manage manufacturing activities on a commercial and clinical scale.

As set out in "Connected Transactions — Continuing Connected Transactions — Fully-Exempt Continuing Connected Transactions — Manufacturing Service Agreement" in this document, during the Track Record Period, we engaged Hisun Pharmaceutical to provide contract manufacturing services for pharmaceutical products marketed under the brand Anshuzheng 安舒正®. This arrangement represents a product-specific and limited exception to our otherwise predominantly in-house manufacturing model. The engagement of Hisun Pharmaceutical was primarily driven by its established GMP-certified manufacturing facilities, manufacturing expertise and proven regulatory compliance track record, and reflects a commercially pragmatic outsourcing decision, rather than any reliance on Hisun Pharmaceutical for manufacturing control or operational decision-making.

The contract manufacturing arrangement in respect of Anshuzheng does not have a material impact on our manufacturing independence, as our Group, being the marketing authorization holder, retains full control over product formulation, quality standards, regulatory compliance, production planning and commercialization, while Hisun Pharmaceutical acts solely as a contract manufacturer in accordance with our specifications. The engagement of Hisun Pharmaceutical represents a product-specific and commercially driven outsourcing arrangement, rather than a systematic reliance, and does not involve any participation in manufacturing decision-making or intellectual property transfer. The arrangement is non-exclusive, conducted on an arm's length and normal commercial terms, and is supplementary to our established in-house manufacturing capabilities, without restricting our ability to engage alternative qualified manufacturers or expand internal capacity as needed. Accordingly, we consider that the manufacturing arrangement for Anshuzheng does not give rise to manufacturing reliance on Hisun Pharmaceutical.

Sales and marketing

We have our independent sales and marketing teams and channels. Members of our marketing team were recruited by our Group independently, and most of them have prior working experience at other pharmaceutical companies which are not affiliated with our Controlling Shareholders. We also have our own sales and marketing network independent from our Controlling Shareholders.

During the Track Record Period, we have entered into transactions with Zhejiang Provincial Pharmaceutical Industry Co., Ltd. (浙江省醫藥工業有限公司) ("**Zhejiang Provincial Pharmaceutical Industry**"), a wholly-owned subsidiary of Hisun Pharmaceutical as of the Latest Practicable Date, pursuant to which, our Group granted Zhejiang Provincial Pharmaceutical Industry a non-exclusive right to sell certain products manufactured by us. For further details, see "Connected Transactions — Continuing Connected Transactions — Non-Exempt Continuing Connected Transactions — Pharmaceutical Products Distribution Framework Agreements.

Our Company is of the view that this distribution relationship does not and will not affect our operational independence for the following reasons: (i) Zhejiang Provincial Pharmaceutical Industry is only one of a number of third-party distributors engaged by our Group. We maintain a diversified distribution network, and are not dependent on any single distributor for the sale of our products; (ii) the distribution rights granted to Zhejiang Provincial Pharmaceutical Industry are non-exclusive, and the distribution services they provide are commonly available in the market; and (iii) in the unlikely event that Zhejiang Provincial Pharmaceutical Industry ceases to distribute our products, we believe we would be able to identify and engage alternative distributors on comparable commercial terms, without significant disruption to our business operations.

Accordingly, we believe that our sales and marketing functions are operationally and commercially independent from our Controlling Shareholders and that the existing distribution arrangements do not compromise our ability to operate independently.

Administration

Our Group has full-time management team and a team of staff to carry out our own administration and operation independent of our Controlling Shareholders. The support services comprising accounting, administration, corporate secretarial, compliance and human resource management will also continue to be handled by a team of staff employed directly by our Group and are separated from our Controlling Shareholders. As all key administrative functions of our Group will be carried out by us without reliance on the support of our Controlling Shareholders, our Group will remain administratively independent from our Controlling Shareholders.

As set out in "Connected Transactions — Continuing Connected Transactions — Fully-Exempt Continuing Connected Transactions — Shared Administrative Services Agreements" in this document, during the ordinary and usual course of business, our Group has entered into the Shared Administrative Services Agreements with Hisun Pharmaceutical and/or its subsidiary to share certain administrative services, primarily relating to logistical and facility-related support (such as utilities, catering and premises-related services). These arrangements are entered into on a cost-recovery basis, with expenses clearly identifiable and allocated based on actual usage, are adopted purely for economic and efficiency considerations, and do not involve the provision of management, financial, compliance or human resources decision-making functions. Accordingly, they do not have a material impact on our administrative independence.

Leasing properties and equipment from Hisun Pharmaceutical

We have been leasing certain properties from Hisun Hangzhou, a subsidiary of Hisun Pharmaceutical, for R&D activities and manufacturing during the Track Record Period and expect to continue leasing properties after the completion of the [REDACTED] to avoid unnecessary relocation cost. Save as disclosed below and in the "Connected Transactions — One-off Connected Transactions — Property and Equipment Lease Agreements" in this document, there are no leasing properties and equipment between our Group and our Hisun Pharmaceutical.

Leased production premises and equipment (Zone A and Zone B)

As set out in "Connected Transactions — One-off Connected Transactions — Property and Equipment Lease Agreements", our Group has entered into the Zone A Property Lease Agreement and Zone B Property and Equipment Lease Agreement with Hisun Hangzhou, a subsidiary of Hisun Pharmaceutical, respectively, to lease limited production premises and related equipment located at Hangzhou, Zhejiang Province, the PRC. These leased premises are used for drug product formulation workshops and ancillary production activities.

While certain ancillary equipment and facilities are leased together with the premises for operational convenience, the core manufacturing know-how, production processes, quality systems and key technologies remain owned and controlled by our Group. The leased equipment does not involve any critical production processes, nor does it affect our control over product quality, production volumes or quality assurance decisions. In addition, the total gross floor area of the leased production premises under the Zone A and

Zone B arrangements is approximately 7,412 sq.m. In comparison, our Hangzhou production base has a total gross floor area of approximately 62,000 sq.m., and the leased premises therefore account for only approximately 12% of the total production area. The leased premises form only a minor and non-core portion of our overall manufacturing infrastructure.

Leased R&D premises (Zone C)

As set out in "Connected Transactions — One-off Connected Transactions — Property and Equipment Lease Agreements", our Group also leases certain premises under the Zone C Property Lease Agreement for our R&D center in Hangzhou. As analyzed under "— Research and Development" above, these arrangements relate solely to the use of physical premises. All R&D activities conducted at such premises are carried out using our own R&D facilities, equipment and personnel, and are independently planned, managed and executed by our Group without reliance on Hisun Pharmaceutical.

According to Frost & Sullivan, it is a common practice in the pharmaceutical industry for companies to operate by leasing premises, and invest a substantial part of their cash flow into their main business. These leases are recognized on our statement of financial position as right-of-use assets under IFRS 16 (Leases). As such, these lease transactions will constitute one-off connected transactions of our Company upon Listing.

In addition, by leasing equipment from Hisun Hangzhou, we can invest more cash flow into our main business as compared to purchasing equipment directly.

Our Company is of the view that the ongoing leasing of the properties and equipment from Hisun Pharmaceutical is unlikely to experience disruption, and will not affect our operational independence, on the basis of the following:

(a) the risk that the ongoing leases will be terminated and that we will be forced to relocate is extremely low given that (i) as the lease agreements were entered into by the parties after arm's length negotiations and on normal terms, Hisun Hangzhou is not expected to terminate the leases prematurely; and (ii) the relevant leases have been continuously renewed during the Track Record Period without any interruptions, demonstrating a stable and cooperative leasing relationship; and

(b) the properties and equipment leased are currently located in No. 8, Haizheng Road, Xukou Town, Fuyang District, Hangzhou, Zhejiang Province, the PRC, where a large number of lands and buildings are offered for lease in the locality. In the unlikely event that Hisun Hangzhou terminates the lease agreements with us and we are required to relocate, we expect that there will not be any substantive hurdle for us to find substitute premises nearby with comparable rental rates.

Connected transactions with our Controlling Shareholders

The connected transactions set out in "Connected Transactions" to this Document were and will be conducted in the ordinary and usual course of business of our Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of our Controlling Shareholders terminating the connected transactions is remote as the parties under the relevant agreements have limited termination rights and the termination would not be in the commercial interest of our Controlling Shareholders. In the unlikely event that our Controlling Shareholders terminate any connected transaction with us, given the reasons set out in "Connected Transactions" to this document, we do not consider that such termination will materially and adversely affect our business. For further details, see "Connected Transactions".

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders.

Financial Independence

We have established our own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Controlling Shareholders and their respective close associates, as well as a sound and independent financial system, and been making independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates. Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Controlling Shareholders or their respective close associates. We do not expect to rely on our Controlling Shareholders and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the [REDACTED] from the [REDACTED].

Based on the above, our Directors believe that we do not place undue reliance on our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Upon [REDACTED], we will comply with the provisions of the Corporate Governance Code set forth in Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors recognize the importance of good corporate governance in the protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interest between our Group and our Controlling Shareholders:

(i) where a Board meeting is held for the matters in which any Directors has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, the relevant Controlling Shareholder will not vote on the resolutions and shall not be counted in the quorum for the voting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders' approval requirements (if applicable) under the Listing Rules;

(iv) our Board will consist of a balanced composition of executive and non-executive Directors, including one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing experienced and professional advice to protect the interests of our minority Shareholders;

(v) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interest between our Group and any Controlling Shareholder and provide impartial and professional advice to protect the interests of our minority Shareholders;

(vi) our Company will provide our independent non-executive Directors with all relevant financial, operational and market and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review.

(vii) our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(viii) we have established our Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, taking effect from the [REDACTED], with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules;

(ix) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense; and

(x) we have appointed Somerley Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage potential conflicts of interest between our Group and our Controlling Shareholders to protect minority Shareholders' rights after the [REDACTED].