*The information and statistics set out in this section and other sections of this document were extracted from the independent industry report prepared by Frost & Sullivan (the "**Frost & Sullivan Report**"). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official and non-official sources has not been independently verified by us, the Solo Sponsor, [REDACTED], [REDACTED] and [REDACTED], any of the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED] (except Frost & Sullivan), and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon.*

MARKET ANALYSIS OF GLOBAL AND CHINESE PHARMACEUTICAL MARKET

The global and Chinese pharmaceutical markets are expected to maintain long-term growth through 2035, with a continued structural shift toward patent-protected therapies. While the global market is projected to expand steadily with a marginal deceleration after 2030, China is expected to outpace global growth during 2024–2030 and undergo a more pronounced transition from a generics-dominated market mix to one where patent-protected medicines account for the majority of sales.

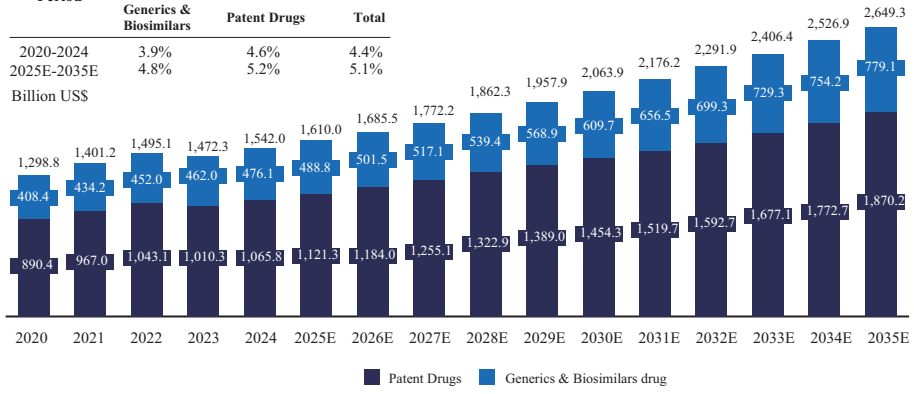
Global Pharmaceutical Market

The global pharmaceutical market increased from US$1,298.8 billion in 2020 to US$1,542.0 billion in 2024, representing a CAGR of 4.4% during 2020–2024, and is expected to further grow to US$2,649.3 billion by 2035, representing a CAGR of 5.1% during 2025–2035. The market share of patent-protected therapies is expected to increase from 68.6% (US$890.4 billion) in 2020 to 70.6% (US$1,870.2 billion) by 2035.

In contrast, generics and biosimilars are expected to continue expanding in absolute terms from US$408.4 billion in 2020 to US$779.1 billion by 2035. Its market share is projected to decline from 31.4% to 29.4%, primarily due to intensified pricing pressure and the faster growth of innovative and high-value therapies.

Generics & Biosimilars vs. Patent Drugs Market Size of Global Pharmaceutical Market

Period	CAGR		
	Generics & Biosimilars	Patent Drugs	Total
2020-2024	3.9%	4.6%	4.4%
2025E-2035E	4.8%	5.2%	5.1%



Source: Frost & Sullivan Analysis

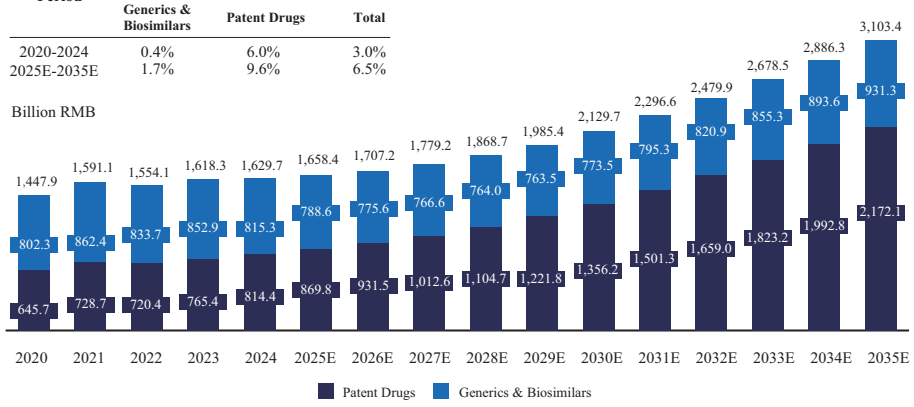
Chinese Pharmaceutical Market.

The Chinese pharmaceutical market increased from RMB1,447.9 billion in 2020 to RMB1,629.7 billion in 2024, representing a CAGR of 3.0% during 2020–2024, and is expected to further grow to RMB3,103.4 billion by 2035, representing a CAGR of 6.5% during 2025–2035, which is higher than the projected global CAGR of 5.1% over the same period. The market share of patent-protected medicines is expected to increase from 44.6% (RMB645.7 billion) in 2020 to 70.0% (RMB2,172.1 billion) by 2035.

In contrast, while generics are expected to experience modest absolute growth to RMB931.3 billion by 2035, their market share is projected to decline sharply from 55.4% in 2020 to 30.0% by 2035.

Generics & Biosimilars vs. Patent Drugs Market Size of Chinese Pharmaceutical Market

Period	CAGR		
	Generics & Biosimilars	Patent Drugs	Total
2020-2024	0.4%	6.0%	3.0%
2025E-2035E	1.7%	9.6%	6.5%



Source: Frost & Sullivan Analysis

MARKET ANALYSIS OF CNS DRUG MARKET

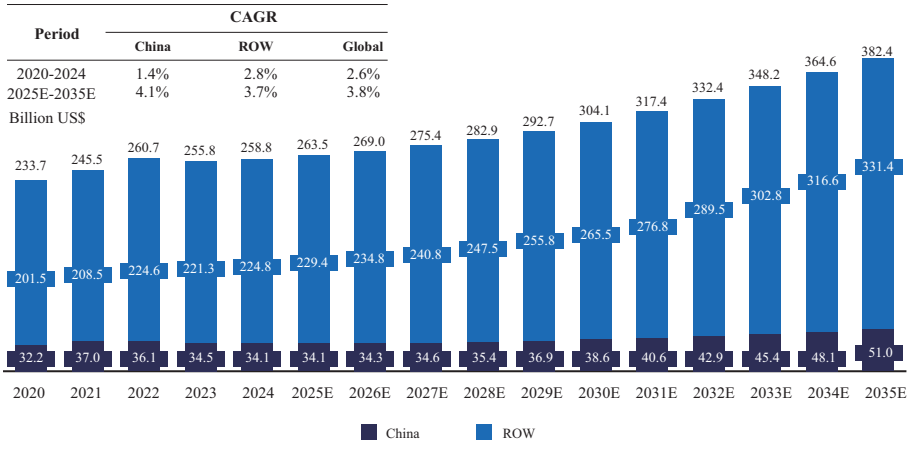
Overview of Central Nervous System (CNS) Disorders

The Central Nervous System (CNS) encompasses a broad range of disorders, including (i) neurological diseases, such as epilepsy, Parkinson's disease and Alzheimer's disease, (ii) psychiatric illnesses, such as depression and schizophrenia, and (iii) sleep-wake disorders (such as insomnia). Each category has distinct clinical features: neurological disorders often involve structural or electrical abnormalities in the brain that may lead to symptoms such as seizures or cognitive decline; psychiatric disorders are generally characterized by disturbances in mood, thought and behavior; and sleep-wake disorders affect the ability to initiate or maintain normal sleep cycles. Collectively, these conditions impose a substantial global disease burden.

Market Size of CNS Drugs (China vs. Global, 2020–2035E)

The CNS pharmaceutical market is large globally and is entering a period of steady growth, with China emerging as one of the fastest-growing regions. In 2020, Chinese CNS drug market was comparatively small relative to the global market, but it has been expanding rapidly from this low base. From 2020 to 2024, global CNS drug market expanded from US$233.7 billion to US$258.8 billion, representing a CAGR of 2.6% during this period. The China CNS drug market increased from approximately US$32.2 billion in 2020 to US$34.1 billion in 2024, representing a CAGR of 1.4%, and is expected to grow at an accelerated CAGR of 4.1% from 2025 to 2035, reaching approximately US$51.0 billion by 2035.

Global and Chinese CNS Drug Market Size, 2020–2035E



Source: Frost & Sullivan Analysis

In terms of segmentation, mental health drugs (antidepressants, antipsychotics) are expected to constitute a growing portion of Chinese CNS market by 2035, reflecting greater attention to psychiatric conditions, whereas neurological drug segments (for epilepsy, PD, AD, etc.) will also grow but at a somewhat steadier rate. Overall, the comparison highlights that China's CNS drug market is on a trajectory of faster-than-average growth, transforming from a small fraction of global sales in 2020 to a significant contributor by 2035. This trend underscores the importance of China in the long-term strategy of CNS pharmaceutical companies, even as global growth remains stable.

Market Drivers for CNS Drugs in China

Several key drivers are propelling the growth of the CNS drug market in China, creating a favorable environment for expansion. The major key drivers include as following: (i) A substantial diagnosis and treatment gap, together with an increasing disease burden, is driving demand for CNS therapeutics in China. As public awareness rises and access improves amid population aging and growing psychosocial stress, more previously undiagnosed or under-treated patients are seeking care, converting unmet needs into active demand and expanding the market. (ii) Chinese CNS innovation ecosystem has strengthened materially, with more innovative CNS therapies advancing into clinical development and commercialization and local companies increasingly pursuing novel mechanisms (including through collaborations). In parallel, emerging technologies such as neuromodulation and digital therapeutics are being explored, broadening treatment options beyond traditional pharmaceuticals

and supporting supply-side growth. (iii) Policy support is reinforcing CNS market growth through measures that improve access and affordability, including expanded reimbursement coverage for CNS therapies. Broader initiatives to strengthen mental and neurological health services, together with supportive regulatory and research policies, further encourage investment in CNS R&D and commercialization.

Insomnia Drug Market

Prevalence and Trends

Insomnia is a widespread condition in China, with chronic insomnia symptoms reported by a significant segment of the population. Epidemiological surveys suggest that roughly one in ten (or more) Chinese adults may suffer from insomnia or persistent sleep difficulties, and incidence tends to be higher in certain groups (such as the elderly and those under high stress). From 2020 to 2035, the prevalence of diagnosed insomnia in China is expected to rise as awareness of sleep disorders grows. From 2020 to 2024, the prevalence of insomnia among adults in China increased from 272.6 million to 294.4 million, representing an approximate CAGR of 1.9% during this period. From 2025 to 2035, the number is expected to reach 347.5 million by 2035, representing a CAGR of 1.5%.

Pathophysiology and Key Molecular Pathways

The pathophysiology of insomnia involves dysregulation of the normal sleep-wake cycle in the brain. Under normal conditions, sleep onset and maintenance are governed by a balance between sleep-promoting signals (largely inhibitory neurotransmitters) and wake-promoting signals (arising from various neurotransmitter systems). In many insomnia patients, this balance is disturbed — often there is excessive arousal or an inability to initiate the normal cascade of neural events that lead to sleep.

Two molecular pathways are central to understanding current insomnia therapeutics: the GABAergic system and the orexin (hypocretin) system. Gamma-aminobutyric acid (GABA) is the primary inhibitory neurotransmitter in the CNS, and it plays a crucial role in promoting sleep by damping neuronal activity. Most traditional insomnia medications work by enhancing GABA's inhibitory effect. On the other hand, the orexin system is a wake-promoting pathway: orexin neuropeptides (produced in the hypothalamus) help maintain wakefulness and alertness. Excessive orexin signaling has been implicated in insomnia, and this has opened a new therapeutic strategy of using orexin receptor antagonists to encourage sleep. In essence, insomnia can be seen as a state of insufficient inhibition (via GABA) and/or excessive excitation (via orexin and other arousal pathways), leading to hyperarousal that prevents normal sleep.

Therapeutic Role of GABA_α Receptors and α-Subunit Selectivity

The GABA_α receptor is the chief target for most sedative-hypnotic drugs. This receptor is a chloride ion channel complex composed of multiple subunits (commonly 2α, 2β, and 1γ subunits in its pentameric form). Binding of GABA to this receptor causes neuronal hyperpolarization and inhibition. Classical benzodiazepine drugs (and related non-benzodiazepine hypnotics) bind to a specific site on the GABA_α receptor (between the α and γ subunits) and act as positive allosteric modulators, they increase the receptor's affinity for GABA and the frequency of channel opening, thereby potentiating GABA's inhibitory effect. An important nuance is that there are multiple subtypes of the α subunit (α1, α2, α3, α5 being common in the brain), and different subtypes are associated with different effects. The α1 subunit is primarily responsible for the sedative (sleep-inducing) effects of GABA_α modulators, whereas α2 and α3 subunits are more linked to anxiolytic and muscle-relaxant effects, and α5 to cognitive effects (e.g., memory).

Competitive Mechanism and Differentiation of Dimdazenil

Dimdazenil is a recently approved insomnia medication in China that exemplifies the "next-gen" approach to GABAergic therapy. Dimdazenil is a benzodiazepine derivative but with a distinct mechanism: it acts as a partial positive allosteric the GABA_α receptor rather than a full agonist. This means that when Dimdazenil binds to the benzodiazepine site on the GABA_α receptor, it enhances GABA's effect to a lesser degree than a traditional benzodiazepine would.

Comparison of Key Marketed Drugs for Insomnia

Competitive Landscape of Marked Drug for Insomnia Disorder in China

Generic Name	Indications	Side Effects	NMPA Approval Year
BZD			
Dimdazenil	Difficulty initiating sleep, Short-acting	Dizziness, Fatigue	2023
Midazolam	Difficulty initiating sleep, Short-acting	Headache, Somnolence, Nausea, Dizziness	1998
Triazolam	Difficulty initiating sleep, Short-acting	Amnesia, Headache, Dizziness	1990
Flurazepam	Difficulty initiating sleep, Long-acting	Amnesia	1995
Alprazolam	Difficulty initiating sleep, Intermediate-acting	Amnesia, Dizziness, Headache	1987
Estazolam	Difficulty initiating sleep, Intermediate-acting	Xerostomia	1981
nitrazepam	Difficulty initiating sleep, Intermediate-acting	Amnesia	1981
Chlordiazepoxide	Difficulty initiating sleep, Long-acting	Amnesia, Fatigue, Nausea, Constipation	1982
NBZD			
Dexzopiclone	Difficulty initiating sleep, Intermediate-acting	Dysgeusia	2007
Zaleplon	Difficulty initiating sleep, Short-acting	Sedation, Dizziness, Memory disturbance	2003

Source: Insomnia Diagnosis and Treatment Guidelines (2025 Edition), Frost & Sullivan analysis

Chinese Insomnia Drug Market Size (2020–2035E) and CAGR

The market for insomnia medications in China is poised for growth from 2024 through 2035. From 2020 to 2024, the Chinese insomnia drug market has fluctuated around US$1.7 billion, with a CAGR of -1.0%. It is estimated to achieve US$3.5 billion in 2035, with a CAGR of 7.5% from 2025 to 2035.

Epilepsy Drug Market

Prevalence and Patient Population

Epilepsy is a major neurological disorder in China, with prevalence broadly in line with global levels (approximately 0.5–0.7% of the population), implying millions of patients given China's population size. Prevalence is shaped by multiple factors, including genetics, perinatal care quality, head injury rates and infection control (e.g., neurocysticercosis in certain regions). In China, the epilepsy patient population rose from 10.3 million to 11.5 million during 2020–2024, with a CAGR of 2.8%. It is expected to reach 14.4 million by 2035, reflecting a CAGR of 2.0% from 2025 to 2035.

Overview of Epilepsy and Mechanism

Epilepsy is characterized by recurrent unprovoked seizures, which are episodes of abnormal, excessive electrical discharges in the brain. The mechanism of seizures can vary; some are confined to a particular region of the brain (focal seizures) while others involve the entire brain from the outset (generalized seizures). The neurobiology underlying epilepsy is diverse — it can stem from structural lesions, genetic channelopathies, metabolic imbalances, or often an idiopathic cause with no clear structural issue. Regardless of cause, a fundamental feature is an imbalance between excitatory and inhibitory signaling in the brain, tipping towards hyperexcitability. Neurons fire in a hypersynchronous manner during a seizure. Epileptogenesis (the process by which a normal brain becomes epileptic after an injury or insult) involves complex changes such as sprouting of excitatory pathways, loss or dysfunction of inhibitory interneurons, and alterations in ion channel function or gene expression. Over time, recurrent seizures themselves can induce further neural network changes, sometimes making seizures more frequent or severe, which is why early control of epilepsy is important to potentially improve long-term outcomes.

Chinese Epilepsy Drug Market Size and CAGR

Chinese epilepsy drug market has expanded steadily and is expected to continue growing through 2035, though at a moderate pace compared with faster-growing CNS segments. From 2020 to 2024, the Chinese epilepsy drug market has grown from US$0.9 billion to US$1.1 billion, with a CAGR of 3.7%. It is estimated to achieve US$1.3 billion in 2035 with a CAGR of 2.0% from 2025 to 2035. The market outlook is one of sustained, steady expansion, driven by a narrowing treatment gap and gradual upgrading toward newer, higher-value therapies.

Schizophrenia Drug Market

Prevalence Trend in China

Schizophrenia is a chronic psychiatric disorder with relatively stable global prevalence (typically ~0.6–0.8%). From 2020 to 2024, the prevalence of schizophrenia in China increased from 8 million people to 8.5 million people, representing an approximate CAGR of 1.3% during this period. From 2025 to 2035, the number is expected to reach 9.8 million people by 2035, indicating continued moderate growth, representing a CAGR of 1.3%. The key structural change from 2020 to 2035 is less about underlying prevalence and more about diagnosis, registration and treatment coverage. Historically, underdiagnosis and limited access to psychiatric services, particularly in rural areas, left many patients untreated. Government-led community management programs for severe mental illness have expanded since the early 2000s, improving identification and follow-up. Over time, urbanization, wider service penetration and earlier detection may increase recorded cases and, more importantly, materially raise the treated population. As a result, even with stable prevalence, treated prevalence is expected to rise, supporting continued growth in demand for antipsychotic therapy.

China Schizophrenia Drug Market Size and CAGR

China's antipsychotic market (driven primarily by schizophrenia, with overlap into bipolar mania and other psychoses) has expanded alongside greater care coverage. From 2020 to 2024, the market size of schizophrenia drugs in China increased from US$0.6 billion to US$0.9 billion, with a CAGR of 11.0%. It is estimated to achieve US$2.7 billion in 2035, with a CAGR of 11.1 % from 2025 to 2035. Overall, the market outlook is stable and upward, shaped by broader treatment coverage and incremental therapeutic upgrading.

MARKET ANALYSIS OF CARDIOVASCULAR DRUG AND DEVICES MARKET

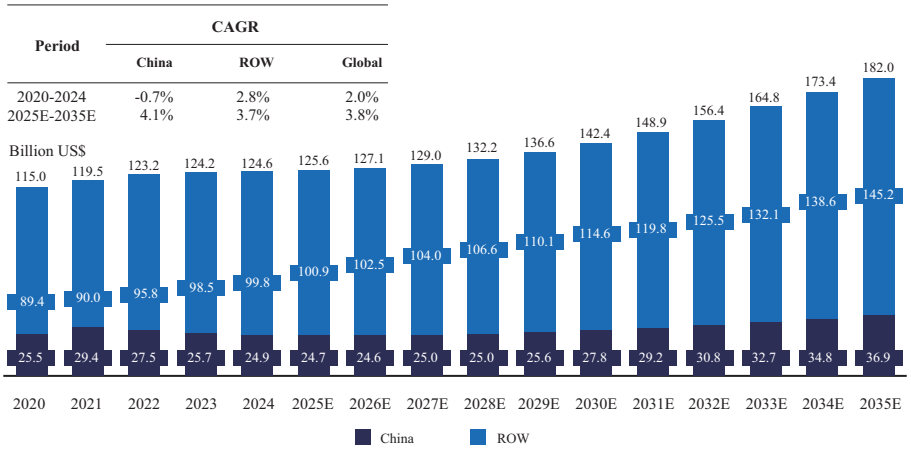
Overview of Cardiovascular Diseases and Major Disease Areas

Cardiovascular diseases (CVDs) comprise a broad spectrum of disorders affecting the heart and vasculature, including hypertension, coronary heart disease, heart failure, arrhythmias, cerebrovascular disease and systemic atherosclerotic vascular disease. CVD onset and progression are closely linked to cumulative vascular injury and atherosclerotic burden. The major risks, including hypertension, dyslipidemia, diabetes, smoking and excessive alcohol intake impair endothelial function by disrupting vasomotor and antithrombotic balance and reducing nitric oxide bioavailability, thereby promoting arterial stiffness and chronic inflammation. This inflammatory milieu promotes lipid deposition and LDL oxidation; macrophage uptake of oxidized lipids forms foam cells and drives plaque formation. When plaque rupture or endothelial imbalance occurs, platelet activation and coagulation can lead to thrombus formation, vessel occlusion and ischemic events. Over time, chronic ischemia and pressure overload contribute to cardiac remodeling, resulting in manifestations such as coronary disease, heart failure, arrhythmias and ischemic stroke.

Global and Chinese Cardiovascular Drug Market Size

The global and Chinese cardiovascular drug markets have demonstrated differing growth trajectories in recent years and are projected to expand at a steady pace through 2035. From 2020 to 2024, the global cardiovascular drug market increased from US$115.0 billion to US$124.6 billion, representing a CAGR of 2.0% during this period, and is projected to reach US$182.0 billion by 2035, representing a CAGR of 3.8% from 2025 to 2035. During the same period, the Chinese cardiovascular drug market declined from US$25.5 billion in 2020 to US$24.9 billion in 2024, representing a CAGR of -0.7%, and is estimated to rebound and reach US$36.9 billion in 2035, representing a CAGR of 4.1% from 2025 to 2035. This pattern reflects that while the Chinese cardiovascular drug market experienced a contraction over 2020–2024, it is expected to return to growth and outpace global expansion from 2025 to 2035.

Global and Chinese Cardiovascular Drug Market Size, 2020–2035E



Source: Frost & Sullivan Analysis

Clinical Treatment Pathway for Dyslipidemia and the Rising Role of Combination Therapy

Dyslipidemia encompasses genetic and acquired lipid disorders and is highly prevalent globally. It includes hypercholesterolemia, hypertriglyceridemia, elevated LDL-C and low HDL-C, commonly defined as: total cholesterol≥5.2 mmol/L, triglycerides≥1.7 mmol/L, LDL-C≥3.4 mmol/L and HDL-C $<$1.0 mmol/L. Risk factors extend beyond lifestyle and metabolic drivers to include sex and age effects (higher risk in men at younger ages and rising risk in women after menopause), certain medications (e.g., thiazides, retinoids, estrogens and glucocorticoids) and comorbidities such as kidney disease, liver disease, thyroid and pituitary disorders and diabetes.

The dyslipidemia population is large and expanding. The global prevalence of dyslipidemia increased from 3.0 billion in 2020 to 3.2 billion by 2024, with a CAGR of 1.7%. This figure is projected to reach 3.7 billion in 2035, corresponding to a CAGR of 1.2%. In China, the dyslipidemia patient population rose from 482.7 million to 529.1 million from 2020 to 2024, growing at an CAGR of 2.3%. It is expected to reach 595.7 million by 2035, reflecting a CAGR of 1.1%. This large, persistent base underpins sustained demand for lipid management and supports continued expansion of China's antihyperlipidemic drug market.

In response, treatment has shifted toward structured, target-driven algorithms with greater use of combination therapy. Under the "Chinese Guidelines for Lipid Management (Primary Care Version 2025)", pharmacotherapy typically starts with moderate-intensity statins on top of lifestyle measures, with escalation to statin-based combinations — cholesterol absorption inhibitors and/or PCSK9-targeted therapies — when needed to achieve LDL-C goals. Common LDL-C — lowering classes include statins (e.g., atorvastatin, rosuvastatin, fluvastatin, lovastatin, pitavastatin, pravastatin and simvastatin), cholesterol absorption inhibitors (e.g., ezetimibe and hyzetimibe), PCSK9-related therapies (e.g., evolocumab, alirocumab, tafolecimab and inclisiran), and bile acid sequestrants (e.g., colesevelam, cholestyramine and colestipol). Triglyceride-focused options include fibrates (e.g., fenofibrate, bezafibrate and gemfibrozil), omega-3 fatty acids (e.g., icosapent ethyl and EPA/DHA combinations), and niacin-related agents (e.g., extended-release niacin and acipimox). In practice, layered regimens —, statins plus absorption inhibitors, with or without PCSK9 therapies, and the addition of omega-3s or fibrates for residual hypertriglyceridemia —, are increasingly used to address mixed lipid abnormalities and residual cardiovascular risk.

China Antihyperlipidemic Drug Market Size

China's antihyperlipidemic drug market has demonstrated accelerated growth momentum and is expected to expand rapidly through 2035. From 2020 to 2024, the China antihyperlipidemic drug market grew at a CAGR of 2.9% and reached US$4.0 billion in 2024. By 2035, the market is expected to reach US$15.0 billion, representing a CAGR of 12.7% from 2025 to 2035. This projected growth is consistent with the expanding dyslipidemia patient population, increasing clinical emphasis on achieving lipid targets, and the broadening use of combination regimens and emerging therapies addressing residual lipid risk factors.

Unmet Medical Needs and the Rationale for Adjunctive Lipid Pathway Targeting

Statins remain the foundation of lipid-lowering therapy, but their benefits are primarily driven by LDL-C reduction. A meaningful proportion of patients continue to exhibit residual lipid abnormalities — particularly elevated triglycerides and lipoprotein(a) (Lp(a)) — that are insufficiently addressed by standard therapies and can sustain cardiovascular risk even when LDL-C is well controlled. Although combination regimens can broaden lipid control, long-term use may be limited by safety, tolerability and drug-drug interaction considerations, especially in patients with multiple cardiometabolic comorbidities. Certain lipid fractions such as Lp(a) are largely genetically determined and respond poorly to conventional agents, leaving high-risk patients with limited long-term pharmacological options. In addition, lipid management is typically lifelong and adherence can be difficult in real-world practice, particularly for therapies associated with gastrointestinal intolerance, frequent dosing or complex regimens. This supports demand for adjunctive, non-LDL-centric interventions that provide durable lipid control with favorable long-term tolerability and practical suitability for chronic disease management.

Lp(a)-Targeted Drug Research

Role of Lp(a) in Cardiovascular Disease and Its Positioning in Residual Risk

Blood lipids (cholesterol, triglycerides and phospholipids) are transported in circulation as lipoproteins. Lipoprotein(a), or Lp(a), is a distinct particle composed of an LDL-like core containing ApoB-100 covalently linked to apolipoprotein(a) (Apo(a)), positioning it at the intersection of lipid metabolism and fibrinolysis. Lp(a) contributes to atherosclerotic cardiovascular disease through pro-atherosclerotic, pro-inflammatory and pro-thrombotic effects. It is a major carrier of oxidized phospholipids, which promote immune cell recruitment and inflammatory signaling, accelerating plaque progression. Apo(a) can also interfere with fibrinolysis by competing with plasminogen and suppressing plasmin activation, while Lp(a) further supports thrombosis via effects on fibrinolytic regulators. In addition, Lp(a) can promote cholesterol deposition in the vessel wall and foam cell formation, reinforcing plaque development.

Lp(a) levels are predominantly genetically determined by the LPA gene (chromosome 6), with very high heritability and substantial inter-individual variability. Because genetically driven Lp(a) responds poorly to conventional lipid-lowering strategies that focus on LDL-C, elevated Lp(a) represents a key source of residual cardiovascular risk even in patients with well-controlled LDL-C. This underpins the rationale for Lp(a)-targeted therapies as a complementary pathway within long-term ASCVD management.

Competitive Landscape of Lp(a) Target Durg for Hyperlipidemia

Pipeline Name	Company	Clinical Phase	Location	Date*
Muvalaplin	Lily	III	China, US, JP, EU, Others	2025-09-01
HRS-5346	Hengrui Pharmaceuticals/ Shengdi Pharmaceutical	II	China	2025-02-06
JX2201	**Jinxin Pharmaceuticals**	**I**	**China**	**2025-03-18**
SAL0137	Salubris Pharmaceuticals	I	China	2025-12-29
AZD4954	AstraZeneca	I	US	2025-05-20

Note: As of LPD Dates refer to the first public disclosure/registration date
Source: Clinical Trails, CDE, Frost & Sullivan analysis

Growth Drivers of the Lp(a)-Targeted Therapeutic Market

Market development is supported by increasing recognition of elevated Lp(a) as a common yet underdiagnosed abnormality and an independent, causal ASCVD risk factor. Because Lp(a) contributes to residual risk even with optimized LDL-C, there is clear clinical rationale for non-LDL lipid interventions. Lp(a)-targeted agents are also designed to be layered on top of background lipid therapy without mechanistic overlap, aligning with the broader shift toward add-on strategies in secondary prevention. Patients with established ASCVD, recurrent events or premature disease typically require intensified regimens, which is expected to support adoption potential for Lp(a)-targeted drugs.

MARKET ANALYSIS OF ANTI-INFECTION DRUG MARKET

Overview

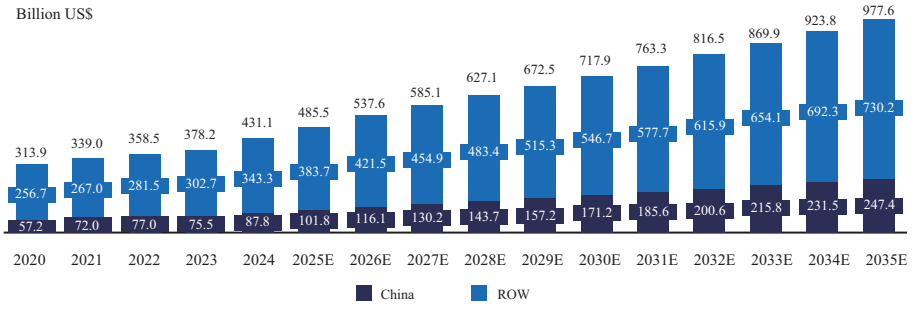
Infectious diseases remain a major global health challenge, and anti-infective drugs are essential to reduce morbidity and mortality. Among these, antibacterial drugs (antibiotics) constitute the largest and most frequently used segment of the anti-infective market. Antibacterial agents are widely used to treat bacterial infections by either killing bacteria or inhibiting their growth. In fact, antibacterial drugs dominate anti-infective therapy: for example, antibacterial agents account for the majority of anti-infective drug revenue due to the high prevalence of bacterial infections. In China, antibiotics are estimated to comprise roughly 90% of all anti-infective drug usage, underscoring their critical role in infection control.

Global and China API Market

From 2020 to 2024, the global API market expanded from US$313.9 billion to US$431.1 billion, representing a CAGR of 8.3% during this period, and is expected to reach US$977.6 billion by 2035. Over the same period, the Chinese API drug market grew from US$57.2 billion to US$87.8 billion, with a CAGR of 11.3%, and is estimated to further expand to US$247.4 billion by 2035, representing a CAGR of 9.3% from 2025 to 2035.

Global and China API Market Size, 2020–2035E

Period	CAGR		
	China	ROW	Global
2020-2024	11.3%	7.5%	8.3%
2025E-2035E	9.3%	6.6%	7.3%



Future Development Trends

Sector growth is expected to moderate, with antibiotic demand in China projected to expand due to market maturation and antibiotic stewardship. However, demand is shifting toward higher-end products, including advanced cephalosporins and carbapenems, which still present meaningful import-substitution opportunities. The industry is also moving toward process innovation and greener manufacturing (e.g., biocatalysis and other lower-waste routes) to improve yields and environmental performance, supporting access to more regulated, higher-value markets. Globally, supply chains are evolving: China remains dominant, while India is expanding capacity and Europe is tightening environmental requirements, pushing Chinese producers to further enhance efficiency and compliance. Meanwhile, rising

antimicrobial resistance and a limited pipeline of novel antibiotics reinforce the continued importance of existing antibiotics and their API supply base, even as it increases pressure for R&D and more prudent use.

SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the major markets for which our products and drug candidates are positioned. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. We have agreed to pay Frost & Sullivan a total fee of RMB500,000 for the preparation of the Frost & Sullivan Report, and we believe that such fees are consistent with the market rate. The payment of such amount was not contingent upon our successful [REDACTED] or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED].

We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the pharmaceutical market for potential [REDACTED]. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. 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. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.