RISK FACTORS

An [REDACTED] in our Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an [REDACTED] in our Shares.

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

RISKS RELATING TO THE DEVELOPMENT AND CLINICAL TRIALS OF OUR DRUG CANDIDATES

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

Our revenue and profitability are partially dependent on our ability to complete the development of our drug candidates, obtain requisite regulatory approvals and successfully manufacture and commercialize our drug candidates. We have invested a significant portion of our efforts and capital resources in the development of our existing drug candidates, and we expect to incur substantial and increasing expenditures for the development and commercialization of our drug candidates in the future. The success of our drug candidates will depend on a number of factors, including but not limited to (i) favorable safety and efficacy data from our preclinical studies and clinical trials; (ii) sufficient resources to discover or acquire additional drug candidates and the successful identification of potential drug candidates based on our research or business development methodology or search criteria and process; (iii) successful completion of clinical trials; (iv) the performance by third parties we engage to conduct clinical trials and preclinical studies and their compliance with our protocols and applicable laws; (v) the capabilities and competence of our collaborators; (vi) receipt of regulatory approvals; (vii) strong capabilities for commercialization; (viii) successful production and commercial sales of our drug candidates, if and when approved; and (ix) the obtaining, maintenance and enforcement of patents, trademarks, trade secrets and other intellectual property protections for our drug candidates.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or be unable to obtain approval for and/or to successfully commercialize our drug candidates, which would materially affect our business and we may not be able to generate sufficient revenues and cash flows to continue our operations.

Clinical development involves a lengthy and costly process with uncertain outcomes, and results of earlier studies and trials may not be predictive of future trial results.

As of the Latest Practicable Date, our Core Products were under clinical trials. The successful completion of clinical trials is an essential requirement to obtain NDA or similar approvals from the NMPA, or other competent regulatory authorities for each of our drug candidates and, ultimately, the commercialization of our drug candidates. Clinical trials, however, come with an expense, and are complicated to design and conduct, and can take years to complete with no guarantee of successful results. Failure can occur at any stage during clinical development process, which would materially and adversely affect our business, financial condition and results of operations.

We may experience numerous unexpected events during, or arising from clinical trials that could delay or prevent us from obtaining necessary regulatory approvals for the development and commercialization of our drug candidates, including but not limited to situations where (i) we may be required to suspend or terminate clinical trials of our drug candidates due to negative results, safety concerns, or findings that participants are exposed to unacceptable health and safety risks; (ii) we may encounter various manufacturing issues, including delays or difficulties with our manufacturing facilities maintenance, problems with quality control, or ensuring sufficient quantities of our drug candidates for use in a clinical trial; (iii) subject enrolment may be insufficient or slower than we anticipate, or subjects may drop out at a higher rate than anticipated; and (iv) our drug candidates may cause AEs, among other unexpected circumstances, which could result in a suspension or termination of an ongoing trial.

Furthermore, the results of preclinical studies or early-phase clinical trials may not be predictive of the success of later-phase clinical trials, and favorable initial or interim results do not necessarily indicate the success of final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. It is also common that various aspects of the development programs, such as manufacturing and formulation, are altered in an effort to optimize processes and results. However, there can be no assurance that such alterations would help achieve the intended objectives. There may be significant variability in safety or efficacy results among different trials of the same drug candidate due to numerous factors. Therefore, the results of planned clinical trials or other future clinical trials could be significantly different and deviate from our expectation, which could result in delays in the completion of clinical trials, regulatory approvals and commencement of commercialization of our drug candidates.

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

As we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for selected indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Our spending on current and future research and development programs and drug candidates for selected indications may not yield any commercially viable products. Furthermore, if we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may be unable to allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

If we encounter delays or difficulties enrolling subjects in our clinical trials, our clinical development activities could be delayed.

The timely completion of clinical trials in accordance with their protocols depends on our ability to enroll a sufficient number of subjects who remain in the trial until its conclusion. We may experience difficulties in subject enrollment in our clinical trials for a variety of reasons. In addition, our clinical trials may compete with our competitors' clinical trials for indications that are the same as the indications we developed. Such competition will likely reduce the number and types of subjects available to us, as some patients might opt to enroll in a trial being conducted by our competitors instead of ours. Even if we are able to enroll a sufficient number of subjects in our clinical trials, delays in subject enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could delay or prevent the completion of these trials.

Our drug candidates may cause undesirable AEs.

AEs caused by our drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and may result in a delay or denial of regulatory approval by the NMPA, or other competent regulatory authorities, or a significant change in our clinical protocol or even our development plan. Results of trials conducted with respect to our drug candidates could reveal a high and unacceptable severity or prevalence of certain AEs. In such an event, such trials could be suspended or terminated and the NMPA, or other competent regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates. AEs related to our drug candidates may also affect subject recruitment, and could result in potential liability claims. Any of these occurrences may significantly harm our reputation, business, financial condition and prospects. Additionally, if AEs caused by our drug candidates are identified after they receive regulatory approval, this may lead to potentially significant negative consequences. Any of these AEs could prevent us from achieving or maintaining market acceptance of any particular drug candidate that is approved and could significantly harm our business, financial condition, results of operations and prospects.

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

The market in which we operate is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. We focus on leveraging our industry expertise and established R&D capabilities to pursue proprietary drug discovery and development in our targeted and specialized therapeutic areas. For the year ended December 31, 2024 and the nine months ended September 30, 2024 and 2025, our research and development costs were RMB58.0 million, RMB38.3 million and RMB41.5 million, representing 27.9%, 23.6% and 20.0%, respectively of our total revenue during the same periods. We intend to continue to strengthen our technical capabilities in the development and manufacture of our drug candidates, which requires substantial capital and time. We cannot assure you that we will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, or obtain sufficient or any patent or other intellectual property protection for such new or enhanced products in a timely and cost-effective manner. Any failure to do so may render our previous efforts obsolete, which could significantly reduce the competitiveness of our technology platforms and drug candidates, and harm our business and prospects.

We may face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours.

The industry in which we operate is highly competitive and rapidly changing. We face competition from other biopharmaceutical companies and emerging biotechnology companies engaged in the research, development, production, marketing or sales of biopharmaceutical products. Our products primarily compete with products that are indicated for similar conditions as our products on the basis of efficacy, safety, convenience, pricing and supply stability. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe AEs, are more convenient or are less expensive than any drugs that we commercialize or may develop. Our competitors also may obtain approval from the NMPA, or other competent regulatory authorities for their drugs more rapidly than us, which could result in our competitors establishing a strong market position before we are able to enter the market.

Our competitors may succeed in developing, acquiring, or licensing on an exclusive basis, products that are more effective with a lower cost than our drug candidates, or achieve earlier patent protection, regulatory approvals, product commercialization and market penetration than we do. To compete with an approved product, we must demonstrate compelling advantages in efficacy, convenience, tolerability or safety in order to overcome price competition and to be commercially successful. Furthermore, disruptive technologies and medical breakthroughs may further intensify the competition and render our drug candidates obsolete or noncompetitive.

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

There can be no assurance that we will be successful in discovering new drug candidates in the future, and some drug candidates may be technically challenging to develop and manufacture. Drug candidates that we discover and develop may later show AEs or other characteristics that make them unmarketable or unlikely to receive regulatory approvals. We have also pursued, and may continue to pursue, collaboration with third parties in the discovery and development of potential drug candidates. However, there can be no assurance that such collaboration will deliver the expected results. Research programs to identify new drug candidates or additional therapeutic opportunities and to develop our drug candidates for additional indications require substantial technical, financial and human resources. We may invest efforts and resources in potential drug candidates or indication expansions that ultimately prove to be unsuccessful. Any of the foregoing events will have a material adverse effect on our business, results of operations and prospects.

RISKS RELATING TO MANUFACTURING, COMMERCIALIZATION AND SALES OF OUR DRUG CANDIDATES

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

Even if our drug candidates receive the requisite regulatory approval, they may fail to gain sufficient market acceptance by physicians, patients, third-party payers and other relevant parties in the medical community. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from sales of our drugs and we may not become profitable. The degree of market acceptance of our drug candidates will depend on a number of factors, including but not limited to (i) the clinical indications for which our drug candidates are approved; (ii) physicians' and patients' perception of our drug candidates as a safe and effective treatment; (iii) the potential and perceived advantages of our drug candidates over alternative treatments; (iv) the prevalence and severity of any AEs; (v) the timing of market introduction of our drug candidates as well as competing drugs; (vi) the availability of adequate coverage and reimbursement by government authorities; and (vii) the effectiveness of our sales and marketing efforts.

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

Experience in commercializing innovative drug, successful expansion and optimization of effective sales and distribution network for our drugs are critical to our continual business success.

Although *Sangbo'en* was successfully commercialized in 2020, we still have limited experience in launching and commercializing drug products. As a result, our ability to successfully commercialize our other drug candidates may involve more inherent risk, take longer, and cost more.

We will have to compete with other biopharmaceutical companies to recruit, hire, train and retain sales and marketing personnel. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities for any or all of our drug candidates, we will likely pursue collaborative arrangements for the sales and marketing of our drug candidates. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or we could have little or no control over the sales and marketing efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators to successfully commercialize any product, and as a result, we may not be able to generate expected revenue from sales of our products.

Our drug candidates may not be covered by or be removed from insurance or reimbursement programs, which could harm our business, financial condition, results of operations and prospects.

Our ability to commercialize any approved drug candidates successfully or to generate expected profitability from sales of our commercialized product will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. In China, the Ministry of Human Resources and Social Security of China, together with other government authorities, review the inclusion or removal of drugs from the China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), or the NRDL, regularly, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs.

Our commercialized product, *Sangbo'en*, was included in the NRDL in 2020 upon its commercialization. However, in the event that *Sangbo'en* is removed from the NRDL, our revenue from commercial sales of *Sangbo'en* would be highly dependent on patients' self-payment, which can make our product less competitive. Patients may choose other drugs with similar efficacy but lower prices which have been included in the NRDL. In addition, we cannot be sure that reimbursement will be available for all approved drug candidates that we commercialize in the future and, if reimbursement is available, what the level of reimbursement will be. There may also be significant delays in obtaining reimbursement for approved drug candidates, and reimbursement coverage may be more limited than the approved indications of the drug candidates by the NMPA, or other competent regulatory authorities. Our inability to promptly obtain reimbursement coverage at intended payment rates for our drug candidates and any new drug candidates that we develop could have a material adverse effect on our business, operating results, and overall financial condition.

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

Our projections of the number of patients who have the potential to benefit from treatment with our drug candidates are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, medical surveys, patient foundations, or market research and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these diseases. The number of patients may turn out to be fewer than expected. As a result, the potentially addressable patient population and market size for our drug candidates may be smaller than our estimates. Furthermore, for indications with well-established standard of care therapies, the NMPA may approve new therapies initially only for later lines of therapy. While we may seek approval for our drug candidates as an early-line therapy for certain indications, there is no guarantee that they will be approved and used as a later-line therapy. As a result, even if we obtain market approval for our drug candidates, we may not achieve the anticipated market size and revenue unless such market approval is for the intended lines of therapy.

The manufacturing of our products is a complex process which requires significant expertise and capital investment, and manufacturing our products on a large commercial scale is vital to our business success.

Manufacturing biopharmaceutical products on a commercial scale, is a complex process requiring significant expertise and capital investment, and subject to strict regulatory requirements. Issues may arise during the manufacturing process for reasons including: (i) equipment malfunction, (ii) failure to follow specific protocols and procedures, (iii) problems with raw materials, (iv) delays or difficulties with our manufacturing facilities maintenance or expansion of any future manufacturing facilities, (v) changes in manufacturing production sites or limits to manufacturing capacity due to regulatory requirements, (vi) advances in manufacturing techniques, and (vii) the occurrence of natural disasters. If problems arise during the production process of certain future products, a batch or several related batches of such product may have to be discarded and cause production delays, cost increases, lost revenue and damage to customer relationships and our reputation. If problems are not discovered before the relevant products are released to the market, we may incur additional costs in connection with product recalls and product liability.

Consistent quality control over our drug products is critical to our business and financial performance.

The quality of our products, including drug candidates manufactured by us for research and development purposes, will depend significantly on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the production processes used in our manufacturing facilities, the quality and reliability of equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance standards. We operate a comprehensive quality control system which extends across all key stages of the R&D, manufacturing and commercialization processes. This system is established and refined in accordance with the rigorous regulations and guidelines in China. See "Business — Quality Control." However, we may face difficulties in maintaining effective quality control and quality assurance procedures in consistently preventing and resolving deviations from our quality standards, and there is no assurance that our standard operating procedures will be complete or updated at all times. Any significant failure or deterioration of our quality control and quality assurance standards or standard operating procedures could render our products unsuitable for use, result in gaps in the audit of

our processes, and/or harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

Counterfeit biopharmaceutical products and the illegal and/or parallel import of competing drugs may reduce demand for our drug candidates, which could have a negative impact on our reputation and business.

The illegal import of competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our drug candidates and, in turn, may adversely affect our sales and profitability in China and other countries where we plan to commercialize our products. Furthermore, certain products distributed or sold in the market in which we operate may be manufactured without proper licenses or approvals, or be fraudulently mislabeled with respect to their usage or manufacturers. These products are generally referred to as counterfeit bio pharmaceutical products. Since counterfeit bio pharmaceutical products in many cases have very similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our drug candidates. A patient who receives a counterfeit bio pharmaceutical product may be at risk for a number of dangerous health consequences, which potentially exposes us to product liability claims, government investigations, and other disputes and negative consequences. Our reputation and business could suffer harm as a result of counterfeit bio pharmaceutical products sold under our or our collaborators' brand name(s).

If we are unable to conduct effective promotion or maintain a qualified sales force, the sales volume of our product and our operations, revenue, profitability and business prospects could be adversely affected.

Successful sales and marketing are crucial for us to increase the market penetration of our *Sangbo'en*, expand our coverage of hospitals and other medical institutions and promote new products in the future. If we are unable to increase or maintain the effectiveness and efficiency of our sales and marketing activities, our sales volumes and business prospects could be adversely affected. In particular, our sales and marketing efforts consist of raising awareness and knowledge of *Sangbo'en* and other drug candidates among medical professionals, hospitals, other medical institutions and pharmacies. Therefore, our sales and marketing force must possess a relatively high level of technical knowledge, up-to-date understanding of industry trends, necessary expertise in the relevant therapeutic areas and products, as well as sufficient promotion and communication skills. If we are unable to effectively train our in-house sales and marketing representatives and evaluate their academic marketing performance, our sales and marketing may be less successful than desired.

Moreover, our ability to attract, motivate and retain a sufficient number of qualified sales and marketing professionals is especially important. Competition for experienced marketing, promotion and sales personnel is intense. If we are unable to attract, motivate and retain a sufficient number of marketing, promotion and sales professionals, sales volume of our products may be adversely affected and we may be unable to expand our hospital coverage or increase our market penetration as contemplated.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We recorded net losses during the Track Record Period and there can be no assurance that we will be able to achieve or maintain profitability in the future.

Investment in pharmaceutical or biotechnology companies is highly speculative. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. We have incurred significant expenses related to the research and development of our drug candidates. In addition, we also incurred other operating expenses including selling and distribution expenses. As a result, we recorded net losses of RMB109.5 million, RMB67.4 million and RMB45.7 million for the year ended December 31, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

There can be no assurance that we will be able to achieve profitability in the future, or even if we achieve profitability in the future, we may face challenges in sustaining profitability in subsequent periods thereafter. Our net losses have had, and may continue to have, an adverse effect on our working capital and Shareholders' equity. Our failure to become and remain profitable may affect [REDACTED] perception of our potential value and could impair our ability to raise additional capital, expand our business or continue our operations. Failure to become and remain profitable may also adversely affect the [REDACTED] of our H Shares. A decline in the [REDACTED] of our H Shares could cause potential [REDACTED] to lose part of their [REDACTED] in our business.

We incurred net operating cash outflows during the Track Record Period.

Since our inception, our operations have consumed substantial amounts of cash. We had net cash used in operating activities of RMB87.1 million, RMB64.9 million and RMB22.5 million for the year ended December 31, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Additionally, we are exposed to credit risk on the cash and cash equivalents deposited in financial institutions. In the event that any of them becomes insolvent and is taken into receivership by the relevant government agencies, there will be uncertainty as to the timing and extent to which we will be able to recover our cash on deposit at such financial institution.

We may need to obtain substantial additional funding in connection with our continuing operations, while adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on reasonable terms, we could have to delay, limit, reduce or terminate our research and development programs or any future commercialization efforts. Our inability to obtain additional funding when we need it could seriously harm our business.

We have a limited operating history as a standalone company, which may make it difficult to predict our future performance.

We are a biopharmaceutical company with a relatively short operating history as a standalone company, starting from 2010. See "History, Development and Corporate Structure" for more details. Our operations to date have focused on establishing our intellectual property portfolio, conducting drug discovery, preclinical studies, clinical trials and commercialization of our drug candidates, forging collaboration and strategic partnerships globally, and organizing and staffing our operations. We also have limited experience in commercial-scale manufacturing and the sales and marketing of approved drugs. For these reasons, particularly in a rapidly

evolving industry in which we operate, it may be difficult to predict our future performance. We may encounter unforeseen expenses, challenges, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business may suffer.

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

During the Track Record Period, our financing activities primarily include interest-bearing bank and other borrowings and equity financing. As of December 31, 2024 and as of September 30, 2025, our interest-bearing bank and other borrowings were RMB223.0 million and RMB212.6 million, respectively.

We expect to fund our future operations primarily with existing cash and cash equivalents, revenue generated from sales of *Sangbo'en* and net [REDACTED] from the [REDACTED]. Changes in our ability to fund our operations may affect our cash flow and results of operations. Although we are conducting this [REDACTED], we may nevertheless require substantial additional capital to meet our continued operating cash requirements, especially to fund our research and development activities, commercialization of our drug candidates and development of manufacturing capabilities. Our future funding requirements will depend on many factors, including but not limited to (i) the progress, timing, scope and costs of our clinical trials; (ii) the outcome, timing and cost of regulatory approvals of our drug candidates; (iii) the progress, timing, scope and costs related to discovery and early development of additional drug candidates; (iv) the preparation required for anticipated commercialization of our drug candidates, and if regulatory approvals are obtained, to fund the product launch; (v) the manufacturing capabilities related to clinical development and future commercialization for any approved drug candidates; (vi) the amount and timing of any milestone and royalty payments we receive from or pay to our current or future collaborators; (vii) the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights; (viii) the cash requirements of any future acquisitions and/or development of our drug candidates; and (ix) our headcount growth and the associated costs.

As our business continues to expand, we may seek additional funding through equity offerings, debt financings, collaboration arrangements and other sources, which may not be available on terms favorable or commercially reasonable to us or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities, or the commercialization of one or more of our drug candidates, which may adversely affect our business prospects.

We are subject to credit risk arising from trade receivables.

As of December 31, 2024 and as of September 30, 2025, we had trade receivables of RMB46.0 million and RMB54.8 million, respectively. We may be exposed to credit risk with our counterparties and may not be able to collect all of such receivables due to a variety of factors that are outside of our control. If the relationship between us and any of our counterparties is terminated or deteriorated, or if our counterparties experience financial or operational difficulties, the recoverability of our receives may be negatively affected, which may have a material and adverse effect on our business, financial condition and results of operations.

We benefit from government grants, the expiration of or changes to which could adversely affect our profitability.

During the Track Record Period, we recognized RMB12.3 million, RMB6.1 million and RMB7.6 million of government grants in other income in 2024 and the nine months ended September 30, 2024 and 2025, respectively. Some of the government financial incentives, grants or funding are granted on a project by project basis and/or are subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements, completion of the specific projects therein, and compliance with the conditions imposed including but not limited to maintaining operations or physical facilities. We cannot guarantee that we will satisfy all relevant conditions. If we fail to satisfy any such condition upon a corporate change or other difficulties to meet the conditions, we may be deprived of or be asked to return the relevant incentives, funding, and/or government grants, or we may be asked to repay our debt obligations early, if any, as the case may be. We cannot assure you of the continued availability of the government grants currently enjoyed by us. Any reduction or elimination government grants may have an adverse effect on our results of operations. In addition, we may not be able to receive government grants in the future, which may have an adverse effect on our financial condition and results of operations.

We have granted, and may continue to grant, share-based awards, which may result in increased equity-settled share-based payments, which may in result have an adverse effect on our financial performance and cause shareholding dilution to our Shareholders.

We have established Employee Incentive Platforms for the benefit of our core employees, Directors and senior management as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For further details, see "History, Development and Corporate Structure — Share Incentive Platforms." For the year ended December 31, 2024 and the nine months ended September 30, 2024 and 2025, we incurred equity-settled share-based payments of RMB21.6 million, RMB17.6 million and RMB7.1 million, respectively.

To further incentivize our employees, we may incur additional equity-settled share-based payments in the future. Expenses incurred with respect to such equity-settled share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance. [REDACTED] of additional H Shares with respect to such equity-settled share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

We may face risk regarding the obsolescence for our inventories.

During the Track Record Period, our inventories primarily consisted of raw materials, work in progress and finished goods. As of December 31, 2024 and as of September 30, 2025, our inventories amounted to RMB102.4 million and RMB112.8 million, respectively. During the Track Record Period, we have not identified material inventory items requiring impairment provision. However, we cannot assure you that our inventory management system will be effective in the future and forecasts for our inventory levels are inherently uncertain. If our forecast demand is higher than actual demand, we may face risk of inventory obsolescence or write-offs, which may increase our inventory holding costs. Furthermore, as our business expands, our inventory level may increase and our inventory obsolescence risk may also increase accordingly, which could materially and adversely affect our financial condition and results of operations.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We have collaborated with third parties in research and development, preclinical studies and clinical trials of our drug candidates.

We have collaborate with and plan to continue to collaborate with third-party clinical trial sites, consultants and other third parties to monitor, support and conduct preclinical studies and clinical trials of our drug candidates. As a result, we do not have full control over their activities or the quality, timing and cost of these studies. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards. In particular, we and our clinical investigators are required to comply with Good Clinical Practice ("**GCP**"), Good Laboratory Practice ("**GLP**") and other regulatory requirements enforced by the NMPA and other competent regulatory authorities for all of our drug candidates in clinical development. Regulatory authorities may enforce these GCP, GLP or other regulatory requirements through periodic inspections of trial sponsors, investigators and trial sites.

We cannot control whether or not such third parties will devote sufficient time and resources to our ongoing clinical, nonclinical and preclinical programs. If we or any of our third parties fail to comply with GCP, GLP, or other regulatory requirements, the relevant data generated in our clinical trials may be deemed unreliable and regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. Failure to comply with these regulations may lead us to repeat preclinical studies and clinical trials, which would delay the regulatory approval process. Similarly, if other third parties fail to meet expected deadlines, timely transfer to us any requisite information, adhere to protocols or act in accordance with regulatory requirements or our agreements with them, the clinical trials of our drug candidates may be compromised, delayed, prolonged, suspended or terminated, or our data may be rejected by regulatory authorities.

We may not be able to enter into arrangements with alternative third parties in a timely manner or do so on commercially reasonable terms, if our existing relationships with these third parties terminate. Switching or adding other third parties involves additional cost and delays, which can materially affect our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business, financial condition and prospects.

In addition, during the Track Record Period, we have collaborated and entered into certain collaboration arrangements with a third party in relation to our drug candidates. See "Business — Collaboration Arrangement" for more details. Our collaboration arrangements with such third party is subject to various risks, which may include the followings: (i) such third party may not properly maintain or defend our proprietary information or may use our proprietary information in an inappropriate way; and (ii) there is no assurance that disputes will not arise between us and such third party that cause the delay of the research or development of our drug candidates.

We depend on third parties to provide a stable and adequate supply of quality key raw materials, packaging services and other products for the manufacturing and sales of *Sangbo'en* as well as for the development and clinical trials of our other drug candidates.

During the Track Record Period, we relied on third parties to supply certain of our key raw materials, packaging services and other products used in the manufacturing for sales of *Sangbo'en*, as well as in the research and development and clinical trials of our other drug candidates. Any disruption in production, delay in delivery, or the inability of our suppliers to

provide adequate quantities to meet our needs could impair our operations, including the manufacturing and sales of *Sangbo'en*, and could also adversely affect the research, development and clinical trials of our other drug candidates. We are also exposed to the possibility of increased costs, which we may not be able to pass on to our customers and as a result, lower our profitability.

We cannot assure you that these third-party suppliers will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the key raw materials, packaging services and other products supplied to us, and cause disruption in the manufacturing and sales of *Sangbo'en*, delays in clinical trials and regulatory filings for our other drug candidates, or even product recalls. The non-compliance of these third parties may also subject us to potential product liability claims, result in our failure to comply with the continuing regulatory requirements, and cause us to incur significant costs, which may have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to risks related to concentration of customers.

Our success relies on maintaining strong and stable relationship with our customers. In 2024 and the nine months ended September 30, 2025, our revenue generated from our five largest customers accounted for 86.2%, and 81.0% of our total revenue in the respective period, respectively, and revenue generated from our largest customer alone accounted for 43.9%, and 42.3% of our total revenue in the respective period, respectively. See "Business — Our Customers" for more details.

Given this customer concentration, our business and financial performance are relatively dependent on the continued purchases by, and relationships with, these customers. Our customers may alter their purchasing volume or terminate their engagement with us due to a variety of reasons, including internal procurement adjustments, changes in market demand, intensified competition, product performance issues, or their own operational or financial challenges. As a result, there is no assurance that any of our major customers will continue to place orders with us at the current levels or at all. Further, we may not be able to enter into new or renewal agreements with our customers as we cannot guarantee that we are able to offer more favorable commercial terms as compared to our competitors. Any disruption in our relationship with our customers could affect our ability to maintain and grow our sales of *Sangbo'en*, which could materially and adversely affect our business, financial position and results of operations.

If we fail to maintain and optimize an effective distribution network for our product or encounter problems with our distributors, our operations, revenue and profitability could be adversely affected.

Our ability to maintain and grow our sales depends on our ability to manage, expand and optimize distribution channels that ensure timely delivery of our product. Consistent with the industry practice, we sell our products through distributors, who are our direct customers and are responsible for distributing our products to hospitals, pharmacies and e-commerce platforms in China. As of September 30, 2025, our distribution network spanned 31 provinces, municipalities and autonomous regions across China. However, all of our distributors are independent third parties over whom we have limited control. We cannot assure you that our distributors will always distribute our product in an effective manner.

In line with industry practice in China, we typically enter into distribution agreements with our distributors for a prescribed term. See "Business — Marketing, Sales and Commercialization — Distribution" for details. We may not be able to renew these

agreements with our distributors on commercially acceptable terms or at all. Our distributors may elect not to renew their distribution agreements with us or otherwise terminate their business relationships with us. 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 business, financial condition and results of operations could be materially and adversely affected. Additionally, in the event that a significant number of our distributors cease or reduce their purchases of our product or fail to meet the terms provided in our distribution agreements, our business, financial condition and results of operations may be materially and adversely affected.

Our relationships with certain PIs, KOLs and leading hospitals may affect the clinical development and future marketing of our products.

Our relationships with principal investigators ("**PIs**"), key opinion leaders ("**KOLs**"), and leading hospitals play an important role in our R&D and marketing activities. We implement a clinical demand-oriented and highly responsive R&D strategy by establishing extensive interaction channels with PIs, KOLs, leading hospitals to gain first-hand knowledge of clinical needs and clinical practice trends, which is critical to our ability to develop new market-responsive drugs and improve our existing drug candidates. However, we cannot assure you that we will be able to maintain or strengthen our clinical collaborations and relationships with PIs, KOLs and leading hospitals, or that our efforts to maintain or strengthen such relationships will yield the successful development and marketing of new products. These industry participants may leave their roles, change their business or practice focus, choose to no longer cooperate with us or cooperate with our competitors instead. If we are unable to develop new drugs or generate returns from our relationships with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, and our ability to successfully commercialize our drug candidates may be adversely affected.

Our commercial success depends on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights. See "Business — Intellectual Property" for details of our intellectual properties. This process is expensive and time-consuming, and we or our business partners may not be able to file and prosecute all necessary or desirable patent applications in a timely manner. It is also possible that we or our business partners will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

The patent position of biopharmaceutical companies generally involves complex legal and factual questions, and can be frequently litigated. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our current and future patent applications may not be granted with approvals that effectively prevent third parties from commercializing competitive technologies and drug candidates. Even if patents are issued on these applications, there can be no assurance that a third party will not challenge their validity, enforceability, or scope, which may result in the patent claims being narrowed or invalidated, or that we will obtain sufficient claim scope in those patents to prevent a third party from competing successfully with our drug candidates. An adverse determination in any such

proceeding could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our drug candidates and compete directly with us, or result in our inability to manufacture or commercialize drug candidates without infringing third-party patent rights.

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

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the China National Intellectual Property Administration (the "**CNIPA**") over the lifetime of a patent. The CNIPA requires compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

If our patent terms expire before or soon after our drug candidates are approved, or if competitors successfully challenge our patents, our business may be materially harmed.

Patents have a limited duration. Even if patents covering our drug candidates, their manufacture, or use are obtained, once the patent life has expired, we may be open to competition from competitive medications, including biosimilar medications. Manufacturers of generic or biosimilar drugs may challenge the scope, validity, or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. Upon the expiration of our issued patents or patents that may issue from our patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our issued patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain a patent term extension or the term of any such extension is less than we request, our competitors may

obtain approval of competing products following our patent expiration, and our business could be harmed. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

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

We conduct our business under the brand name of "Wehand-Bio." Our registered or unregistered trademarks or domain names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks, trademark applications and domain names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trademarks, trademark applications or domain names similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks. Over the long term, if we are unable to establish name recognition based on our trademarks and domain names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our competitive position, business, financial condition, results of operations, and prospects.

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

In addition to our issued patents and patent applications, we rely on trade secrets and confidential information to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into confidentiality agreements with parties that have access to our trade secrets or confidential information, such as our employees and other third parties that have access to them.

However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach or violate the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and/or confidential information, and third parties could use our trade secrets and/or confidential information to compete with our drug candidates and technology. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property and impair the intellectual property protection of our drug candidates.

Changes in intellectual property laws or their interpretation in China and countries and regions where patent protection is sought or granted under the Patent Cooperation Treaty ("**PCT**") framework may increase the uncertainties and costs surrounding the prosecution of

our patents, diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, affect the scope and value of our intellectual property rights. Such changes in laws may either impact the value of our patent rights or our other intellectual property rights, all of which could have a material adverse effect on our patent rights and our ability to protect, defend and enforce our patent rights in the future, as well as on our competitive position, business, financial condition, results of operations and prospects.

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

Our intellectual property rights could be challenged or invalidated. Competitors or other third parties may also infringe or misappropriate our patents and other intellectual property rights. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. In any infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may not be an adequate remedy. Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages. Any loss of intellectual property protection could have a material adverse impact on one or more of our drug candidates and our business.

An adverse result in any litigation or defense proceedings could put one or more of our intellectual property rights at risk of being invalidated or interpreted narrowly. Even if successful, litigation may result in substantial costs and distraction of our management and other employees. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If the public, securities analysts or investors perceive these results to be negative, or perceive that the presence or continuation of these cases creates a level of uncertainty regarding our ability to increase or sustain product sales, it could have a substantial adverse effect on the price of our Shares.

Unfavorable outcomes in intellectual property litigation could limit our research and development activities and/or our ability to commercialize our drug candidates.

If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology, or barred from developing and commercializing our drug candidates. Prohibitions against using certain technologies, or prohibitions against commercializing our drug candidates, could be imposed by a court or by a settlement agreement between us and a plaintiff. In addition, if we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated patent or other intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. There is inevitable uncertainty in any litigation, including intellectual property litigation. There can be no assurance that we would prevail in any intellectual property litigation, even if the case against us is weak or flawed.

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

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

illustrative: (i) others may be able to make drug candidates that are the same as or similar to our drug candidates but that are not covered by the claims of the patents that we own; (ii) others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights; (iii) third parties might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets; and (iv) we may not develop additional technologies that are patentable.

RISKS RELATING TO GOVERNMENT REGULATIONS

All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated.

Development and commercialization of our drug candidates are regulated in great depth and detail in China. The process of obtaining regulatory approvals and maintaining compliance with appropriate laws and regulations requires the expenditure of substantial time and capital resources. Failure to comply with the applicable regulatory requirements at any time during the drug development process or approval process, or after approval, may subject us to administrative or judicial sanctions. Any occurrence of such sanctions could therefore materially adversely affect our reputation and our business, financial condition, results of operations and prospects.

Any failure to comply with existing laws, regulations and industry standards could result in fines or other punitive actions against us, the termination of ongoing research and the disqualification of data for submission to regulatory authorities, or a ban on the future sales of our drugs, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant laws, regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

If we are unable to obtain without undue delay any regulatory approvals for our drug candidates in our targeted markets, our business may be adversely affected.

The time required to obtain approvals from the NMPA and other competent regulatory authorities is unpredictable and depends on numerous factors. Generally, such approvals take many years to obtain, following the commencement of preclinical studies and clinical trials. We cannot assure you that we will be able to meet regulatory requirements or that our drug candidates will be approved for sale.

We may fail to receive the regulatory approvals from the NMPA, or other competent regulatory authorities for our drug candidates due to a number of reasons, including: (i) disagreement in the design or implementation of our clinical trials; (ii) failure to demonstrate that a drug candidate is safe and effective for its proposed indication; (iii) insufficient or suboptimal data collected from the clinical trials, or failure of our clinical trial results to meet the level of statistical and medical significance required for approvals; and (iv) unexpected changes in regulations, testing requirements, or approval policies that render our preclinical and clinical data insufficient for approval.

The NMPA, or other competent regulatory authorities may require more information to support approval which may result in delay in regulatory approval and commercialization plans or denial of regulatory approval. In the case where an approval is issued, regulatory authorities may approve fewer indications, including undesired indications, of our drug candidates than the

indications we applied for, or grant approvals contingent on the performance of post-marketing clinical trials. Failure to obtain regulatory approvals in a timely manner, or at all, or failure to obtain regulatory approvals with an intended scope of indications could have a negative impact on the commercial prospects of our drug candidates, and may cause reputational damage. If any of our drug candidates fails to demonstrate safety and efficacy to the satisfaction of regulatory authorities or does not otherwise produce positive results in future clinical trials, we would not be able to realize any revenue on such drug candidate despite the significant amount of resources we would have spent on its development, which could materially adversely affect our business, financial condition, results of operations and prospects.

Our future approved drug candidates will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expense.

If the NMPA, or other competent regulatory authorities approve any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, AE reporting, storage, advertising, promotion and record-keeping for the drug will be subject to extensive and ongoing regulatory requirements.

Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval. In addition, once a drug is approved by competent regulatory authorities for marketing, it is possible that there could be a subsequent discovery of previously unknown problems with the drug, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug products, it may result in: (i) restrictions on the marketing or manufacturing of our drugs, withdrawal of the product from the market, or voluntary or mandatory product recalls; (ii) fines, warning letters, or holds on clinical trials; (iii) refusal by regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals; and (iv) injunctions or the imposition of civil, administrative or criminal penalties.

Moreover, regulatory policies may change or additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability, which in turn could significantly harm our business, financial condition and prospects.

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

We routinely receive, collect, generate, store, process, transmit and maintain medical data treatment records and other personal details of subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in China. Failure to comply with any of these laws could result in enforcement action against us, which could have a material adverse effect on our business, financial condition, and results of operations or prospects.

In recent years, the PRC government has promulgated an increasing number of laws an regulations governing the various aspects of information security, data collection and privacy protection, including the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Provisions on Protection of Personal Information of Telecommunication and Internet Users

(《電信和互聯網用戶個人信息保護規定》), 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》) which became effective from September 1, 2021, and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) which became effective from November 1, 2021. Under the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), prior consent shall be obtained from the individual when personal information is being processed, unless explicitly permitted under certain circumstances. Furthermore, any data processing activities in relation to sensitive personal information such as biometrics, medical health and personal information of teenagers under fourteen years old are not allowed unless such activities have a specific purpose, are highly necessary and strict protective measures have been taken. Certain industry-specific laws and regulations may also affect the collection and transfer of personal data in China, including Administrative Regulations on Human Genetic Resources of the People's Republic of China (《中華人民共和國人類遺傳資源管理條例》) issued by the State Council. It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our clinical trial practices, potentially resulting in the confiscation of human genetic resources samples and associated data and administrative fines.

Such data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they could be held liable for the damage caused. Furthermore, our clinical trials frequently involve professionals from third party institutions working with our staff and enrolled subjects. We cannot ensure that such persons will always comply with the applicable laws and regulations or our data privacy measures. We also cooperate with third parties including hospitals, third-party contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure.

Any change in the applicable laws and regulations could affect our ability to use medical data and subject us to liability for the improper use of such data. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

We may be directly or indirectly subject to applicable anti-kickback, false claims laws, doctor practice integrity law, fraud and abuse laws or similar healthcare and security laws and regulations in China.

Healthcare providers, doctors and others play a vital role in the promotion, recommendation and prescription of any products for which we obtain regulatory approval. If we obtain the NMPA's approval for any of our drug candidates and begin commercializing our drugs in China in the future, our operations may become subject to various PRC fraud and abuse laws, including the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) and PRC Criminal Law (《中華人民共和國刑法》); laws and regulations related to doctor practice integrity, including Nine Guidelines for Medical Institution Staff to Practice Integrity (《醫療機構工作人員廉潔從業九項準則》) and Key Points of Work on Correcting Irregularities in the Field of Purchase and Sale of Medical Products and the Provision of Medical Services in 2025 (《2025年糾正醫藥購銷領域和醫療服務中不正之風工作要點》). These laws and regulations may impact our proposed sales, marketing and education programs.

Law enforcement authorities are increasingly focusing on enforcing these laws, and some of our practices may be challenged under these laws. Regulatory authorities could conclude that our business practices may not comply with current or future fraud, abuse or other healthcare laws or regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational damage, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a material adverse effect on our business and results of operations.

Furthermore, we are subject to laws and regulations related to anti-bribery in China that generally prohibit companies and their intermediaries from making any payments to government officials for the purpose of obtaining or retaining business or securing other improper advantages. Failure to comply with such laws and regulations related to anti-bribery could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, suspension of our ability to participate in governmental programs, or exclusion from government reimbursement for our products. See also "— Risks Relating to Our Operations — We may be unable to detect, deter and prevent all instances of bribery, fraud or other misconduct committed by our employees or third parties."

RISKS RELATING TO OUR OPERATIONS

Our future success depends in part on our ability to retain our senior management, scientific employees and other qualified personnel.

We are highly dependent on the expertise and insights of our senior management team. Recruiting and retaining qualified scientific, technical, clinical, manufacturing, and sales and marketing personnel in the future will also be critical to our success. Moreover, even though our key personnel is subject to non-compete obligations for a time period, losing our senior management may increase our competitive pressure, as they may join our competitors or start competing businesses. Furthermore, replacing scientific employees, and other qualified technical personnel may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous biopharmaceutical companies for similar personnel. To compete effectively, we may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations. Any inability to attract, motivate, train or retain qualified scientists or other technical personnel may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may encounter difficulties in managing our growth and expanding our operations successfully.

Our future financial performance and our ability to commercialize our drug candidates will also depend, in part, on our ability to effectively manage our growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to implement our long-term development strategies. As we continue to implement our development strategies, we intend to expand our operations and add a significant number of managerial, R&D, manufacturing, sales and marketing, and other personnel. Our recent growth and any future growth will also impose significant added responsibilities on members of

management, including: (i) identifying, recruiting, integrating, maintaining, and motivating additional employees; (ii) managing our internal development efforts effectively, while complying with our contractual obligations to contractors and other third parties; and (iii) improving our operational, financial and management controls, reporting systems and procedures in line with our growth.

If we are not able to effectively manage our growth and further expand our organization, we may not be able to successfully develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals.

Our potential engagement in acquisitions or strategic partnerships in the future may increase our capital requirements, cause dilution for our Shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

To enhance our growth, we may acquire businesses, products, technologies or know-how or enter into strategic partnerships that we believe would benefit us in terms of product development, technology advancement or distribution network, among others. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including but not limited to: (i) substantial time and expenses incurred during negotiation; (ii) impact on our financial results; (iii) increased operating expenses; (iv) the assumption of additional indebtedness or contingents; (v) the issuance of our equity securities resulting in dilution to our Shareholders; and (vi) integration of operations, intellectual property and products of an acquired company.

Further, any difficulties in the integration of acquired businesses, product or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses, product or technologies could have a material adverse effect on our reputation, business, financial condition and results of operations. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

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

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to product liability, environmental matters, breach of contract, employment or labor disputes and intellectual property rights. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to actions taken by our counterparties, such as our suppliers, site management organizations ("**SMO(s)**") and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

We may be subject to product liability lawsuits that could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our drug candidates, subject to limited immunity that we may seek in connection with some of our product candidates. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, improper, insufficient or improper labelling of products, insufficient or misleading disclosures of AEs or dangers inherent in the

product, negligence, strict liability and a breach of warranties. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. There is also risk that third parties we have agreed to indemnify could incur liability.

If we are unable to defend ourselves against such claims, we may be subject to civil liability for physical injury, death or other losses caused by our products and to criminal liability and the revocation of our business licenses if our products are found to be defective. In addition, we may be required to recall the relevant products, suspend sales or cease sales. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management.

Our reputation is important to our success.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. However, our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. While we will continue to promote our brands to remain competitive, we may not be successful in doing so. In addition, we may engage various third parties, to advance our clinical development programs, expand our commercialization network and increase market access for our drugs, which can make it increasingly difficult to effectively manage our brand reputation, as we have relatively limited control over these third parties.

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

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

Our operations depend in part on the skills and know-how of our employees. In recent years, the average labor cost in the domestic market in which we operate, particularly for highly skilled and experienced personnel, has been steadily increasing as the competition for qualified employees has become more intense. We cannot assure you that there will be no further increase in labor cost, which may adversely affect our financial condition. In addition, share options and other share-based incentives granted under our existing or future share-based incentive arrangements and scheme could adversely affect our costs and our results of operations. See also "— Risks Relating to Our Financial Position and Need for Additional Capital — We have granted, and may continue to grant, share-based awards, which may result in increased share-based payments, which may in result have an adverse effect on our financial performance and cause shareholding dilution to our Shareholders."

We may be subject to risks in social insurance fund and housing provident fund contributions.

Pursuant to the Chinese laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Any failure to make timely and adequate social welfare contribution for its employees may trigger an order of correction from competent authority requiring the employer to make up the full amount of such overdue social welfare contribution within a specified period of time, and the competent authority may further impose fines or penalties.

There is no assurance that our historical and current practice with respect to the contribution of social insurance plans will at all times be deemed in full compliance with relevant laws and regulations in Chinese Mainland by government authorities. As a result, we may be required to make additional contributions to social insurance fund and/or housing provident fund and pay late payments and fines under PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not received any order to rectify comprehensively or to settle the shortfall all at once or any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. Based on the foregoing, our PRC Legal Advisor is of the view that the risk that we will be subject to material administrative penalties due to our failure to make full contribution of social insurance and housing provident fund contributions during the Track Record Period is remote, provided that (i) there are no material changes to the relevant laws and regulations, regulatory policies and enforcement and supervisory requirements by local governments, (ii) that no employee complaints or lawsuits are filed, and (iii) that no order to rectify comprehensively or to settle the shortfall all at once has been imposed on us by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. We cannot assure you that we will not be subject to any order to rectify this in the future, nor can we assure you that there are no, or will not be any, relevant employee complaints against us. Any such order may adversely affect our business, financial condition, results of operations.

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions and housing provident period in compliance with the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance and housing provident fund within a prescribed period; or subject to additional contribution, late payment surcharges and/or penalties imposed by the relevant authorities, if third-party human resource agencies fail to pay the social insurance or housing provident fund for a small number of employees in full amount and/or in a timely manner, or if the validity of such arrangements is challenged by relevant governmental authorities.

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

Natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as avian influenza, or Severe Acute Respiratory Syndrome ("**SARS**"), Ebola, Zika, COVID-19, other factors beyond our control, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks.

There is no assurance that health epidemic or even a more severe pandemic will not occur in the future. These uncertain and unpredictable factors include, but are not limited to, adverse effects of the pandemic on the economy, potential delays of our ongoing and future clinical trials, and disruptions to the operations of our business partners. As of the Latest Practicable Date, our operations had not been materially affected and our facilities had not experienced any power outage as a result of the recent power rationing measures. However, we cannot assure you that we would not experience significant power shortage or outages under similar circumstances in the future.

Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

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

We maintain insurance policies that are required under the PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. For more details, see "Business — Insurance." Although we maintain insurance coverage for AEs in our clinical trials, this coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. Although we believe our existing insurance coverage is adequate for our present operations and in line with the industry practice in the PRC, our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

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

We may be exposed to fraud, bribery or other misconduct committed by our employees or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. Although we consider our internal control policies and procedures to be adequate, we may be unable to detect, deter and prevent all such instances of misconduct by our employees or third parties. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business, results of operations and reputation.

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

Despite the implementation of security measures, our information technology systems and those of our consultants and other service providers may suffer damage from computer viruses, unauthorized access, cyber-attacks, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed.

Failure to comply with laws and regulations regarding our lease properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, we leased one parcel of land in China, with an aggregate land area of approximately 238,531 square meters. The land was originally leased for our research relating to mulberry cultivation, and due to our business plan, such land use right was transferred to an independent third party in 2024, subject to the approval of the landlords. Such land is currently used by such third party for agricultural cultivation. However, due to the failure of such third party to obtain the prescribed approval, we are in the legal process to request such third party to return the land to us. As advised by our PRC Legal Advisor based on confirmation from the competent regulatory authorities, such use of the land was not in violation of applicable PRC laws and regulations relating to land administration. However, there is no assurance that such third party will not change the usage of this land in the future. If they fail to comply with the applicable laws and regulations regarding the usage of the land, we may be subject to a fine or additional expenses by the PRC competent regulatory authorities, which could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in China's economic, political, social conditions as well as government policies could adversely affect our business, financial condition, results of operations and prospects.

Due to our extensive operations in China, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. The PRC government has implemented various measures to encourage economic development, such as allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. In addition, the PRC government continues to play a significant role in regulating industry development by imposing relevant industrial policies. Some of these measures may benefit the overall China's economy or our industry, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past, the PRC government implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

The legal protections available to you under the PRC legal system may be limited. It may be difficult to effect service of legal process and enforce judgments against us and our management.

We are a company incorporated under the laws of the PRC, and a majority of our Directors and our senior management personnel reside within the PRC, and a majority of their assets are located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon us or most of our Directors and senior management within the PRC.

Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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》) effective on January 29, 2024, promulgated by the Supreme People' Court, a party with an enforceable final court judgment rendered by any designated people' court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant

people' court of China or Hong Kong court. However, China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. As a result, investors may also experience difficulties in enforcing judgments if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

We are subject to PRC tax on our income, and the dividends payable to [REDACTED] and gains on the sale of our H Shares by our [REDACTED] are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are subject to a tax of up to 25% on our substantial income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to applicable regulations, PRC companies 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 individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax.

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 related to such establishments or premises are subject to the Enterprise Income Tax Law of the PRC (the "**EIT**") 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 and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED] and payments through [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, payment of any such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

There remains significant uncertainty as to the interpretation and application of the relevant PRC tax laws and regulations by the PRC tax authorities, including whether and how individual income tax or the EIT on gains derived by holders of our H Shares from their disposition of our H Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

The industry in which we operate in China is highly regulated and such laws, regulations or enforcement policies in China are subject to future changes, which could adversely affect our business.

Our operations are mainly conducted in the PRC. The industry in which we operate in China is subject to comprehensive government regulation and supervision, encompassing the research and development, trials, approval, registration, manufacturing, packaging, licensing and marketing of new drugs and various other aspects of the operation of biopharmaceutical companies. Any violation of the relevant laws, rules and regulations may subject us to disputes, administrative sanctions, criminal sanctions and other legal proceedings. See "Regulatory Overview." In recent years, the regulatory framework in China regarding the industry in which we operate has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in, or prevent the successful development or commercialization of, our drug candidates in China and reduce the current benefits we believe are available to us from developing and manufacturing drugs in the country. Any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in China.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares and the liquidity and an active [REDACTED] market for our H Shares may not develop or be sustained.

No public market currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of negotiations between our Company and the [REDACTED], and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] [REDACTED] for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will not decline following the [REDACTED].

The [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business, results of operations and the market price of the shares of other companies engaging in similar business may affect the [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] of our H Shares may be highly volatile for reasons specific to our business, such as the results of clinical trials of our drug candidates, the results of our applications for approval of our drug candidates, regulatory developments and healthcare policies directly affecting us, fluctuations in our cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel or actions taken by competitors.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Immediately after completion of the [REDACTED], assuming the [REDACTED] is not exercised and based on the [REDACTED]

of HK$[REDACTED], being the mid-point of the indicative [REDACTED], our Controlling Shareholders will hold (including direct and indirect shareholdings) approximately [REDACTED]% of the issued share capital in our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their H Shares as part of a sale of our 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 interests of our Controlling Shareholders may differ from the interests of our other Shareholders. We cannot assure you that our Controlling Shareholders will not exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Future sales or perceived sales or conversion of significant amounts of our H Shares in the [REDACTED] following the [REDACTED] could materially and adversely affect the [REDACTED] of our H Shares.

Future sales or perceived sales of significant amounts of our H Shares or conversion of the Unlisted Shares by specific Shareholders, if any, after the [REDACTED] could result in a significant decrease in the prevailing [REDACTED] of our H Shares and our ability to raise equity capital in the future.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or equity securities in the future.

The [REDACTED] of the H Shares is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the H Shares in the [REDACTED] will experience an immediate dilution. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the H Shares may experience dilution if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares through the employee incentive platforms, which would further dilute Shareholders' interests in our Company.

Payment of dividends is subject to restrictions under the PRC law and there is no assurance whether and when we will pay dividends.

No dividend has been paid or declared by our Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders. For more details, see "Future Plans and Use of [REDACTED]."

However, our management will have discretion as to the actual application of our net [REDACTED]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net [REDACTED] from the [REDACTED].

Certain facts, forecasts and statistics in this document relating to the industry in which we operate are derived from a third-party report or publicly available sources and may not be fully reliable.

Certain statistics, information and data contained in this document relating to China and elsewhere in the world, and the industry in which we operate have been derived from various official government publications. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor or any other parties involved in the [REDACTED] and, therefore, we make no representation as to the accuracy of such statistics, information and data, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods and analysis or discrepancies between published information and market practice, such statistics, information and data in this document may be inaccurate or may not be comparable to statistics, information and data produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts.

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

Prior to the publication of this document, there has been coverage in the media regarding us. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] on the basis of the information contained in this document only and should not rely on any other information.